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NEWS SUMMARY

GENERAL

Williams 'would like to contest Croydon'

Shirley Williams said she would like to fight the Croydon North West by-election if it was called in the autumn, but only if local Liberals supported her.

Croydon Liberals indicated that while they were flattered she was interested in the seat, they would prefer a Liberal candidate. There is speculation that they may be under pressure from their national organisers to let Mrs Williams stand. Page 10

Inquiry refused

Home Secretary William Whitelaw rejected a call for a full inquiry into all criminal cases where evidence from suspended forensic scientist Dr Alan Clift had led to a conviction.

Kagan freed

Textile tycoon Lord Kagan was released from prison after serving six months of a 10-month sentence for theft and false accounting.

Jails warning

Britain's prisons could reach crisis point by November if the number of inmates continued to rise, a Prison Department official said.

Damages award

A 16-year-old girl was awarded £200,000 damages and costs at Liverpool after a 1978 road accident that left her mute and almost totally paralysed.

Blast kills four

Four were killed and 58 wounded when a bomb rocked a railway station in the holy city of Qom, south of Tehran. "More executions to come," Page 4

Spanish bombs

Two bombs exploded and a third was defused in offices of power companies in Catalonia. Police suspect a separatist group.

Afghans' claim

Afghan resistance fighters claimed to have captured the first Soviet pilot alive since Moscow's military intervention 18 months ago. EEC initiative, Page 2

Author arrested

Author Hikmet Cetinkaya, correspondent of Left-wing newspaper Cumhuriyet, was arrested by Turkey's military rulers on unspecified charges.

Anguilla poll

Anguillan chief minister Ronald Webster, whose government fell in a power struggle three weeks ago, returned to power after general elections.

Bridge opens

The Humber Bridge, the world's longest single span suspension bridge, opens to vehicles from noon today.

Soccer tour off

A planned tour of South Africa by 14 British soccer players was cancelled after pressure from FIFA, the game's world governing body.

Lady's day

Scottish-born college lecturer Catherine McTavish became the first woman to umpire a match on Wimbledon's centre court.

Briefly . . .

Hundreds, including children, have been killed by tribal fighting in Eastern Ghana.

Fire destroyed 65 homes and buildings in Napa Valley, California, centre of the U.S. wine industry.

Bryan Organ has been commissioned to paint the first official portrait of Lady Diana Spencer.

Bishop of Chester, the Rt Revd Victor Whitsey, will retire on December 31.

BUSINESS

Dollar easier; gilts add 0.33

● DOLLAR's trade-weighted index fell to 107.6 (108.1). It fell to DM 2.3360 (DM 2.3630) and to SwFr 2.0325 (SwFr 2.0540), but rose to FFr 5.6625 (FFr 5.6250) on fears of Communist participation in the French administration. Page 30

● STERLING's trade-weighted index rose to 96.1 (95.7). It finished 65 points up at $1.999, and improved to FFr 11.3150 (FFr 11.2050) and DM 4.7125 (DM 4.71). Page 30

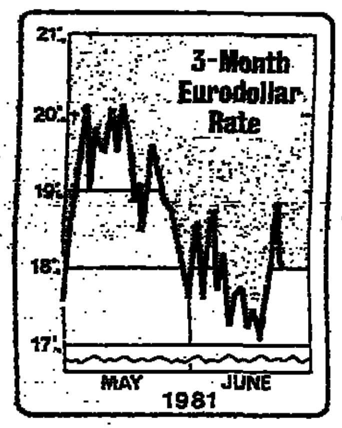
● GOLD rose $3 to $465.5. Page 30

● GILTS extended gains on predictions of a U.S. downturn. The Government Securities index added 0.33 to 66.48. Page 38

● EQUITIES leaders were indecisive. The FT 30-share index put on 0.2 to 544.5. Page 38

● WALL STREET was up 8.56 to 1002.76 near the close. Page 31

● EURODOLLAR interest rates continued to ease, while the U.S. Federal funds overnight rate fell sharply to 15¼ per cent in early New York trading where the authorities intervened to drain funds. Marine Midland cut its broker loan rate to 20 per cent from 21 per cent, but Citibank left its prime rate at 20 per cent. Page 30



● SOUTH AFRICA raises its bank rate from 9.5 per cent to 10.5 per cent today.

● OFFSHORE oil and gas exploration licences are to be announced by the Government soon, in spite of delays in allocation of some of the previous round's concessions. Back Page

● USSR senior official criticised West German business interests for recent defaults on contracts. Back Page; Soviet deficit with West doubles, Page 6

● BANK OF AMERICA confirmed it was arranging a two-year credit facility of $4bn for Pemex, Mexico's state oil company. Back Page

● AEG-TELEFUNKEN, the troubled West German electrical group, sold its half share in Teldix to give Robert Bosch sole ownership. Page 28

● ARAB-ASIAN Bank of Bahrain launched an agreed bid worth £15m for United City Merchants, the London-based international trading group. Back Page

● LONRHO agreed to pay DM 90m (£19.11m) for 50 per cent of Kuehne and Nagel, one of the world's largest international transport groups. The family pledged the other half of the company as security for a DM 30m (£6.4m) loan Lonrho is to provide. Back Page

● HAMBROS, the banking and insurance group, reported profits after tax up sharply from £9.8m to £15.3m in the year to end March. Page 22; Lex, Back Page

● GEI INTERNATIONAL, the Bedfordshire-based engineering concern, reported taxable profits for the year to end March down from £6.82m to £3.48m. Page 25

● FIRST NATIONAL Finance Corporation pre-tax profits rose to £7.68m (£825,000) for the six months to end April. Page 22

British Aerospace and IBM discuss European satellite

BY GUY DE JONQUIERES

IBM, U.S.-owned computer manufacturer, is working with British Aerospace on plans to start an advanced satellite communications service to link business users in Western Europe.

The two have asked British Telecom to join in a partnership offering the service, initially, to big companies in Britain and, eventually, to customers on the continent.

The proposal is being studied by British Telecom, which has announced plans to start a similar service in 1983 using satellites belonging to the French and other European telecommunications authorities (PTTs).

IBM and British Aerospace hope Sir Keith Joseph, Industry Secretary, will clear the way for the planned service within the next few weeks by opening Britain's communications market to private competition. This was recommended in the Government-commissioned report to him by Professor Michael Beesley of the London Business School.

But, the scheme could still face political resistance. IBM is the world's biggest computer manufacturer, accounting for about 60 per cent of all systems in use, and its plans to enter the European communications market are bound to arouse controversy.

The Industry Department, which would licence private operators to offer communications services, is keen to prevent foreign-owned companies swamping the market. It is thought likely to discriminate in favour of British applicants.

Opposition can also be expected from continental PTTs. Their authorisation would have to be sought if the planned service was extended to the rest of Europe. They may view the project as a challenge to national monopolies.

Many industry experts feel satellite communications could be profitable only if they served the whole of Europe. But IBM and British Aerospace seem confident that their service could be economic even if limited to Britain.

The type of communications offered is expected to be modelled closely on services supplied in the continental U.S. by Satellite Business Systems, a joint venture between IBM, Comsat and Aetna insurance company.

Satellite Business Systems, uses a satellite to bounce transmissions between dish aerials on customers' premises. It provides facilities from telephone links to high-speed data transmission between computers and video conferences.

The service is being offered to big companies as a permanent link for internal communications between plants and offices scattered over a wide area. But Satellite Business Systems plans to extend it to smaller business users who would share a dish aerial.

The company also plans to offer switched telephone communications services between U.S. subscribers and is exploring the possibility of connecting the service with the European telephone network.

IBM and British Aerospace apparently have not yet decided whether to launch their own European satellite or to try to lease circuits on one belonging to another operator. But it is considered unlikely that there is enough spare capacity available at present for the types of communications they envisage.

The project poses a delicate decision for British Telecom, whose chairman, Sir George Jefferson, formerly headed British Aerospace's satellite operations.

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Minister orders slowdown on defence contracts

By Richard Evans and Ivor Owen

ALL COMPANIES producing equipment for the Armed Forces are to be asked by the Government to ensure they do not complete their contracts ahead of schedule.

Mr Peter Blaker, Minister of State for the Armed Forces, disclosed in the Commons yesterday that defence-spending is again in danger of overrunning the cash limits set, because many companies have a dearth of civilian orders and are completing military contracts too rapidly.

There is no indication the Government is planning another moratorium on defence-spending but Mr John Nott, Defence Secretary, may make the position clearer when, tomorrow, he outlines his proposals for a radical restructuring of Britain's defence forces to the Commons.

Mr Blaker told MPs the Defence Ministry had had to make large payments to companies far in advance of the time-scale originally envisaged. As a result there was now a closer scrutiny of existing contract commitments and of new starts.

Mr Nott's statement, which will set the guidelines for defence-spending over the next decade, comes after the Cabinet reached the major decisions at its meeting last Thursday.

Since then Mr Nott has been to the U.S. to give details of the proposals. Yesterday he met Mr Josef Luns, Nato secretary-general, in Brussels and he will meet Herr Apel, West German Defence Minister, in Bonn today before reporting back to the Cabinet tomorrow.

The expectation at Westminster is that the Cabinet will rubber-stamp the package, which will involve major cuts in the Royal Navy's surface fleet.

The Defence Secretary was confident there would be no further difficulty in Cabinet—he told MPs yesterday he intended to make his Commons statement tomorrow.

Several Tory backbenchers continued to express fears the review would entail disproportionate cuts for the Navy.

Lynton McLain writes: British Aerospace last night said it had been affected by the Defence Ministry cost-cutting measures but no details were available.

The company is in the top group of eight companies which supplied over £100m-worth of defence equipment to the Ministry in 1979-80.

Defence spending "may exceed limit," Page 10

4 Communists picked for French Cabinet

BY ROBERT MAUTHNER IN PARIS

FOUR COMMUNIST Ministers were expected to be included last night in the new French Government following ratification of an agreement between the Socialist and Communist parties.

The four were M Charles Fiterman, the party's second-in-command; M Anicet le Pors, a senator and one of the party's top intellectuals; M Marcel Rigout, an agricultural expert; and M Jack Ralite, a journalist from the party newspaper L'Humanité. Communists were last represented in a French Government 34 years ago.

M Pierre Mauroy, the Prime Minister, was due to announce the composition of his Government later in the evening, after a last-minute hitch over the number of Communist Ministers to be included in the Government held up proceedings for many hours.

The principle of Communist participation had been accepted earlier in the day, when the Socialist executive committee and the Communist central committee ratified a draft agreement reached by leaders of the two parties in the early hours of the morning.

However, the Communist central committee was locked in discussion all day before approving the joint document, whereas the Socialists rubber-stamped it many hours earlier.

This was a clear indication that the Communists' main representative body found it hard to swallow a policy declaration which was largely a catalogue of Socialist Party policies.

While the central committee was still meeting M Mauroy was visited by M Georges Marchais, the Communist secretary-general, and M Charles Fiterman, a member of the party politburo, but both refused to make a statement.

The agreement is particularly eloquent on foreign policy.

On all major issues on which Socialists and Communists previously disagreed, the Communists have accepted the Socialist line.

The parties specifically underline the right of peoples to decide on their own future and the principle of non-interference in the internal affairs of other countries.

In this context the Communists agreed to the Socialist demand to include a phrase in the joint declaration which affirmed "the right of the Afghan people to choose their regime and Government."

Even more important, the parties declare themselves in favour of withdrawal of Soviet troops from Afghanistan and "a halt to all foreign interference."

On the Middle East, the Communists have been forced to swallow a special reference to the situation created by the Camp David agreements and Israel's right to existence and security, as well as the Palestinian people's right to a homeland.

Nor could it have been easy for a party which is traditionally hostile to the EEC to subscribe to an undertaking to "support actively" France's participation in the Community, its institutions and its common policies.

Even on Poland, which the Communists did not want to mention at all, they were finally obliged to accept a sentence which states that the two parties wanted the Polish people to carry out themselves "the process of economic, social and democratic renewal in which they are engaged."

The Communists have also proved flexible on the domestic front.

They have acceded, in particular, to the Socialist demand for an undertaking of loyalty to the Government.

The joint declaration states that the two parties will promote the new policies chosen by the French people when they elected President Francois Mitterrand in "entire solidarity," both within the Government and the National Assembly, and at local government level.

The Communists have accepted the Socialist standpoint that the policy of change inaugurated by the interim Government must be applied progressively

It will be applied in stages, to take account of the present crisis, the fact that France is an "open" economy, and the need to maintain the country's "economic and financial equilibrium."

The parties, as expected, agreed that "the extension of the public sector" was desirable because it would guarantee more effective and democratic planning.

But it is clear from the text that the Communists have been obliged to accept entirely the Socialist nationalisation programme.

French Communists give in, Page 2

£ in New York

	June 22	Previous
Spot	$2.0050-0065	$1.9815-9835
1 month	1.20-1.38 pm	1.13-1.20prem
3 months	2.75-2.85 pm	2.95-3.05prem
12 months	5.40-5.60 pm	6.20-6.40prem

Jobless growth slackens but the total reaches 2.68m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of UK unemployment is continuing to slacken as the scale of redundancies and short-time working falls back from the high levels of last winter.

But, in the absence of a general economic upturn, demand for labour remains depressed and vacancies are at a record low level.

Department of Employment figures published yesterday show that the number of adults out of work in the UK rose by 37,800 to 2.55m in the month to mid-June, on a seasonally adjusted basis, the smallest monthly rise since March 1980. This is equivalent to 10.6 per cent of the workforce.

The first major wave of this summer's school leavers has also appeared, increasing the number of unemployed school leavers by 117,000 to 217,000.

The result is that the overall "headline" total of unemployed has risen by 123,000 in the last month to 2.68m, more than double the figure at the time of the general election in May, 1979.

A further large number of school leavers will join the register next month and a rise of 140,000 is expected in the adult total in July and August for seasonal reasons. Consequently, despite the slowdown in the underlying growth rate, the overall total could exceed 2.9m and come close to 3m in the next couple of months.

There was a Commons row yesterday over an earlier comment by Mr James Prior, the Employment Secretary, that a 3m figure was "possible" by the

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Councils still employ over 2m, Page 8

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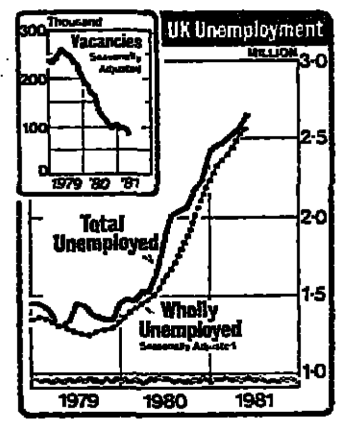

INTERNATIONAL COMPARISONS

	Month	Total m	Per cent of workforce	Percentage 3 months	Change over 12 months
UK	June	2.55	10.6	+ 7.2	+65.5
U.S.	May	8.17	7.6	+ 5.4	+ 2.9
Japan	March	1.22	2.2	− 1.6	+14.0
W. Germany	May	1.20	5.2	+10.3	−39.7
France	April	1.72	9.1	+10.4	−19.8
Italy	April	1.93	8.7	+ 3.9	+ 9.5
Canada	April	0.83	7.0	− 3.5	− 4.7

All figures seasonally adjusted except for Italy. Statistics not fully comparable because of differences in coverage. UK figures for adults.

Seagram is bidder for Conoco

BY PAUL BETTS IN NEW YORK

SEAGRAM OF CANADA, the world's largest distiller and wine producer, emerged last night as the unwelcome bidder seeking a $2bn (£1bn) 25 per cent stake in Conoco, the ninth-ranking U.S. oil company and second biggest coal producer.

Conoco, formerly known as Continental Oil, made the disclosure in an apparent attempt to frustrate the deal and give itself more time to put together a rival merger with a major U.S. corporation so far unnamed.

The oil company, with earnings of $1bn on revenues of $18.8bn last year, said last night that it had received written notice from Seagram's U.S. subsidiary, Joseph E. Seagram and Sons, that the Canadian drinks group was filing the required notification to the U.S. authorities that it intended to acquire Conoco common shares, "which could bring its level of investment to exceed 25 per cent of the voting securities of Conoco."

The announcement that Seagram was the mysterious foreign company seeking to buy a substantial stake in Conoco puzzled Wal Street yesterday.

This is the second time this year that Seagram has run into opposition in attempting to put together a merger or major acquisition with a large U.S. company. The Canadian company, which is sitting on a large cash hoard following the sale last year for $2.3bn of its Texas Pacific oil and gas interests to Sun Corporation, and following a massive Euroloan late last year, failed a few months ago in its $2bn bid for St Joe Minerals of the U.S.

While Conoco again declined to name the major U.S. company with which it is holding possible merger talks, stock market speculation is focused on a major chemicals company like Dow, Du Pont or Allied, or a minerals and metals company.

Seagram has proposed two alternative offers. In the first, it would acquire directly from Conoco 15.9m of its shares at $75 a share and would buy an additional 9.6m shares on the open market. In the second it would buy directly from Conoco 28.6m shares at $70m.

Following Conoco's statement, yesterday its shares rose sharply on the New York stock exchange from $58.75 to $62 a share, compared to Monday's close.

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treas. 11¾pc 1985	£93¾	+ ¼	NatWest Bank	385	+ 7
Exchq. 12¼pc 99 B.	£89⅞	+ ⅜	Quick (H. and J.)	56	+ 4
Bank of Scotland	411	+ 11	Rothmans	68	+ 4
Barget	183	+ 9	Royal Bk. Scotland	189	+ 5
Chubb	95	+ 4	Sainsbury (J.)	409	+ 10
Deritend	96	+ 5	Silentnight	88	+ 6
Evans of Leeds	160	+ 5	Somportex	950	+ 50
Ferranti	525	+ 10	Anglo American Inv.	£45	+ ¾
Hambros Bank	940	+ 50	Gold Fields SA	£37	+ 1½
Hawley Leisure	85	+ 5	Hartebeest	£28	+ ¾
Joseph (Leopold)	260	+ 18	FALLS		
Lloyds Bank	390	+ 12	Ander Strathclyde	97	− 4
Mansfield Brewery	236	+ 14	Westland	120	− 4
			Sovereign Oil	344	− 6

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MITTERRAND WINS BACKING FOR SOCIALIST POLICIES

French Communists give in on main issues

BY DAVID WHITE IN PARIS

THE FRENCH Socialists won major concessions from the Communists on all main points of dispute between the two parties during talks which resulted in a "joint declaration" in the early hours of yesterday morning.

The declaration, which was put to the parties' governing bodies before Prime Minister *Pierre Mauroy announced his* Government, promised unequivocal support for President Mitterrand, and agreement on national recovery and the nationalisation plans proposed by the Socialists.

The Communists also gave ground on M Mitterrand's policy on missile deployment, the Middle East, the EEC and Poland.

On support for President Mitterrand, the declaration *said: "Conscious of the duties* dictated by the situation, the two parties declare their determination to promote the new policies chosen by French men and women when they elected Francois Mitterrand to the Presidency of the Republic.

"They will do so in the National Assembly, in the framework of the majority that has just been formed. They will do so in the Government in entire solidarity . . ."

On the recovery plan: "The policy of change that has already been started through the first government measures will continue . . . It will be pursued by stages, according to a rhythm of transformation taking into account the situation of crisis, the fact that the economy is open to the outside world and of necessary economic and financial balances.

"The two parties consider *that the extension of the public* sector will be a guarantee of more effective and democratic planning. They declare themselves agreed that the extension and the methods of organising the public sector should conform to the proposals endorsed on May 10 (ie M Mitterand's election platform).

"In the situation the country is in, the two parties esteem it necessary to prepare a two-year recovery plan, creating the conditions for new economic growth and an effective fight against unemployment."

On foreign affairs, the declaration said: "The two parties will support international moves by France—respecting its alliances—for peace and progressive disarmament, with a view to the simultaneous dissolution of military blocs, while ensuring a balance of forces in Europe and in the world and *the security of every country.*

"In this spirit, they express their desire for early international talks on the limitation and reduction of arms in Europe. These talks should deal notably with the presence of Soviet SS-20 missiles and with the decision to deploy American Pershing-11 rockets.

"They affirm the right of the Afghan people to choose their regime and their Government and declare themselves in favour of the withdrawal of Soviet troops from Afghanistan and a halt to any foreign interference.

"Noting the situation created by the Camp David agreements, they reaffirm Israel's right to existence and to security, as with all the states in the region, at the same time as the Palestinian people's right to a fatherland.

"The two parties will actively uphold France's participation in the EEC, in its institutions and in its common policies, in the respect of her freedom of action and her legitimate interests. They will support common policies in the social sphere, for the defence of agriculture and threatened sectors, and for the vitality of research and high-technology industries.

"The two parties discussed the development of the situation in Poland, and wish this country and its people to carry through by themselves the process of economic, social and democratic renewal in which they are engaged.

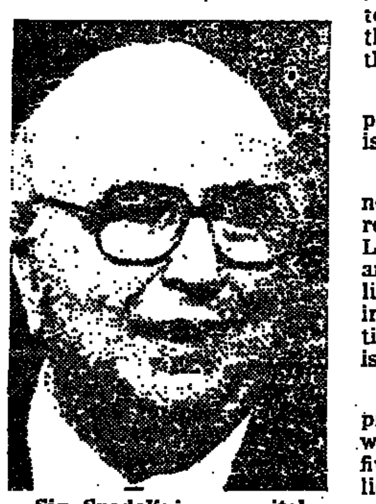
"They express their solidarity, on the economic as well as the political level, with the peoples of the Third World who, as in Salvador and Nicaragua, are fighting for national emancipation, development and democratic and social liberation."

Poll results help Spadolini form government

BY RUPERT CORNWELL IN ROME

AS ITALIAN politicians assessed the results of last weekend's local elections, Sig Giovanni Spadolini, the Republican leader, began the final stages of his bid to form the country's first Democrat-led Government since 1946.

His chances have been enhanced by the voting which showed advances by the Socialists and other small "lay" parties. The sole threat now lies in failure to agree on the distribution of ministerial posts between the parties.



Sig Spadolini . . . vital meeting this week

Sig Spadolini has already secured the approval of the Christian Democrats, badly buffeted in the elections, for his policy programme. Yesterday he appeared to have won the go-ahead from Sig Bettini Craxi, the Socialist leader, and the weekend's real victor.

The final returns confirm an across-the-board Socialist advance ranging from a modest 2.6 per cent in Rome to an almost unprecedented 10.7 per cent gain in the southern city of Bari, where the Socialists overtook the Communists to become the second largest party behind the Christian Democrats.

Despite changes in the voting pattern, the map of local power is likely to be much the same.

In Sicily, which voted for a new regional assembly, and Bari, renewed, if modified, Centre-Left alliances between Socialists and Christian Democrats seem likely. In both Rome and Genoa, incumbent Left-wing administrations of Communists and Socialists have emerged strengthened.

Sig Spadolini's immediate prospects now hinge on this week's meeting of leaders of the five parties—his own Republicans, Socialists Social Democrats, Liberals and Christian Democrats—which are likely to form the new administration.

HOW THE MAIN PARTIES FARED
(In per cent—1976 results in parentheses)

	Sicily	*Rome*	*Genoa*	*Bari*
Christian Democrats	41.4 (40.8)	29.6 (33.1)	22.5 (28.5)	33.4 (38.0)
Communists	20.7 (26.8)	35.9 (35.5)	39.6 (41.5)	15.9 (24.8)
Socialists	14.3 (10.3)	10.2 (7.6)	16.4 (12.4)	23.3 (12.6)
Social Democrats	3.0 (3.4)	4.6 (3.7)	4.7 (3.8)	11.4 (6.0)
Republicans	4.4 (3.3)	4.1 (4.1)	3.6 (4.6)	4.4 (3.5)

At stake will be the shape of the new Cabinet. Somehow Sig Spadolini will have to reconcile the ambitions of the Socialists and the smaller centreist parties to turn their electoral gains into extra ministerial posts, with the desire of the Christian Democrats for "compensation" for surrendering the Prime Ministership for the first time in 35 years.

If there is no agreement, the Socialists could be tempted to try and cash in on their local election success by precipitating general elections this autumn, in the hope of securing a similar result on a national basis.

Assuming he negotiates these hazards, the new Prime Minister is likely to face his first real test—and one which will decide his chances of securing a "social contract" between industry and unions—with a bitter argument over the future of the *Scala mobile* mechanism of automatic wage indexation.

Confindustria, the employers association, is meeting this afternoon to make a decision on whether to revoke unilaterally the *Scala mobile* agreement of 1975. Indications are that it may, and thereby set the stage for a bruising confrontation with the unions.

Such a move would most probably be a tactical step, to force a serious discussion with the unions of the overall problem of labour costs in Italy. But union leaders yesterday made it clear that they would call a general strike if Confindustria went ahead with its threat.

EEC set to launch Afghanistan initiative

By John Wyles in Luxembourg

THE EEC is poised to launch an important initiative on Afghanistan based on a call for an international conference designed to end Soviet intervention and to establish a non-aligned state. The idea has been developed by Lord Carrington, Britain's Foreign Secretary, who takes over the presidency of the EEC's Council of Ministers next Wednesday.

The proposal is expected to be launched formally at the Community's heads of government summit in Luxembourg next week. Lord Carrington is said to have devised it as a means of maintaining pressure on Moscow and testing its professed *willingness to discuss* the elimination of all "external interference" in Afghanistan's internal affairs.

Soviet refusal to participate in a conference, it is thought, would focus attention on its policies at a itme when anxiety is running high about a Soviet invasion of Poland. Its acceptance of the idea, however, could be a real breakthrough.

Lord Carrington's initial proposal for the conference's terms of reference is said to have referred generally to external involvement in Afghanistan. But M Claude Cheysson, his French counterpart, apparently insisted on a specific reference defining the objective as ending Soviet involvement in the country.

An international conference of two phases is envisaged. The first would concentrate on a Soviet withdrawal and would involve the five permanent members of the UN Security Council—the U.S., Soviet Union, France, Britain and China—together with Pakistan, Iran and India.

The second phase would bring in the Kabul regime and would focus on Afghanistan's internal political arrangements. As a final act, Afghanistan's independence and neutrality would be guaranteed by all participants.

If the initiative is endorsed next week, the Community will want it to be seen both as a serious attempt to solve the problem and as a strong reminder to the Soviet Union that Europe is not prepared to accept the permanent presence of 85,000 of its troops in Afghanistan.

AP adds from Prague: President Babrak Karmal, of Afghanistan, arrived here yesterday for a four-day official visit, the Czechoslovak Veteka news agency reported. He is scheduled to meet Dr Gustav *Hustak, the Czechoslovak President* nad party chief, during his stay.

Hardliners step up attack on Polish reforms

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SOVIET-INSPIRED war of nerves designed to halt the reform movement inside the Polish Communist Party is being stepped up.

Mr Kania . . . under mounting pressure

Hungary and Bulgaria have both delivered messages to Mr Stanislaw Kania, the Polish party leader, which could only have reinforced the Soviet Union's recent letter demanding an end to Warsaw's policy of "concession and compromise."

The pressure was applied as the election of delegates to next month's party congress was under way and before crucial delegate election meetings in Warsaw, Katowice, Poznan and Wroclaw.

Mr Stefan Olszowski, a politburo member, who has acquired a reputation for his hardline views, will be seeking a place as a delegate at the Warsaw party meeting at the weekend.

Meanwhile, Tass, the Soviet news agency has reported the existence of hardline party group in Poznan similar to the "Katowice discussion forum."

This is a small association of party dogmatists who have demanded that the leadership take a clear position on its view that the party is drifting towards counter-revolution.

The challenge is intended to embarrass Mr Kania and, when forum issued its first statement at the end of last month, it was met with a storm of criticism throughout the Polish party. The politburo condemned its views as harmful. However, *many of the sentiments* expressed by the forum reflect those contained in the Soviet letter with which the Polish party leadership has now said it agrees.

Another sign that the hardliners in the party are going on the offensive came in a speech delivered by Mr Stanislaw Skladowski, First Secretary in Piotrkow Trybunalski, at the provincial party conference there. He attacked Mr Kania and General Wojciech Jaruzelski, the Prime Minister, for their "opportunistic stance which to inspire any enthusiasm for the authorities and faith that the crisis would be resolved.

"In such a situation, at least the Katowice and Poznan forums enable us to save face towards our closest neighbours, allies and fraternal parties," he said.

This is the first time that even a middle-rank party official has expressed approval for the forum.

The conference in Piotrkow Trybunalski later elected Mr Skladowski as a delegate to next month's congress but he failed to be re-elected as First Secretary.

Oil price stability forecast

By Jonathan Carr in Bonn

OIL PRICES are likely to remain stable in real terms *until at least the mid-1980s* because of a world energy glut, according to Bankers Trust Company of New York.

The result of this might be less intensive development of new energy sources like synthetic fuels, a meeting of West German businessmen was told here yesterday.

Mr William Pelley, senior vice-president and energy consultant, said Bankers Trust estimated that potential world energy supply from all sources could exceed expected demand in 1985 by the equivalent of more than 5m barrels of oil a day.

This calculation was based on a 3 per cent projected annual average rate of world economic growth and took into account, among other things, further development of energy savings efforts.

Mr Pelley believed that the Organisation of Petroleum Exporting Countries would remain an important and financial force but that it would have a big problem with the "energy overhang" in the coming few years.

Dutch unions warn about cost of gas

By Charles Batchelor in Amsterdam

A sharp increase in gas prices could provote trade unions to make extra wage demands. And this could set off a chain reaction of higher wages leading to higher prices, Mr Wim Kok, chairman of the Netherlands Trade Union Confederation said yesterday.

Nederlandse Gasunie, producer and distributor of most of the Netherlands gas, is involved in a dispute with municipal gas companies over the size of the proposed gas increase.

Gasunie wants to put it up by 10 Dutch cents a cubic metre, while the gas companies want an increase of only 7 cents. The current price for domestic users is 40 cents (8p) a cubic metre, excluding value added tax.

The unions are concerned at suggestions that energy price increases should not be compensated for in full in the twice-yearly adjustment of wage levels to the increased cost-of-living.

TV chief resigns

A third executive of France's state owned broadcasting system resigned yesterday after criticism from the new government over alleged political bias in news coverage, Reuter reports from Paris. He is M Claude Contamine, chairman of television's third channel.

Pravda claims West is trying to realign Europe

BY DAVID SATTER IN MOSCOW

THE Communist Party newspaper Pravda yesterday claimed that the West was trying to break down the post-war structure in Europe by "hatching far-reaching" plans to weaken the "Polish link" in the socialist community.

Pravda said that "enemies of socialism" hoped to change the present alignment of forces in their favour and were interested in an "onslaught on the post-war realities in Europe."

The commentary came as the Soviet Press has begun to emphasise the threat posed to European security by events in Poland.

The commentary, plus a series of toughly-worded official comments at the weekend, are almost certainly aimed at sustaining the *psychological* pressure as preparations are made for next month's Polish Party Congress.

Mr Leonid Zamyatin, head of the Soviet Communist Party Central Committee Information Department, warned on Saturday that the party Congress could witness the victory of revisionism in the Marxist-*Leninist* party in Poland.

Pravda yesterday warned that West German "revanchists" have had their appetites whetted by events in Poland and are already starting to think about a "retailoring of Europe," while at the same time going out of their way to slander post-war agreements.

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VOTE CLEARS WAY FOR HALF MILLION PENDING CASES

Divorce strains Spanish party unity

BY ROBERT GRAHAM IN MADRID

SPANIARDS SHOULD be able to seek a divorce in the civil courts from the beginning of August after more than 40 years in which the regime of General Franco staunchly supported the sanctity of marriage. This follows the approval by the Spanish Parliament on Monday of a controversial divorce law that exposed the serious split between conservative right-wing elements and more progressive members of the ruling Union de Centro Democratico (UCD).

The Bill, which took more than two years to pass through law commissions and the two houses of Parliament, now has to be signed by the King. At the same time, the Ministry of Justice will have to provide the necessary judicial infrastructure to cope with an estimated 500,000 cases pending.

It is proposed to create 34 divorce courts to cope with the demand. Divorce was introduced under the republic in the thirties but suppressed with the nationalist victory of Gen. Franco.

Under the new law, couples must first file a separation petition after which divorce proceedings will follow, with divorce being conceded in two to five years pending on the circumstances.

Spain's powerful Roman Catholic church has fought strenuously against the law. On various occasions amendments promoted by the most conservative sectors of the UCD have reflected closely the views of the Council of Bishops.

Church opposition has been the principal reason behind the Bill's lengthy *parliamentary* progress. However, attempts to portray the legislation as anti-Church have failed manifestly. The Government has agreed that the introduction of the law was the minimum necessary to bring Spain's family and social legislation into line with the rest of Europe. Overall, there were more than 300 amendments.

The Bill *took on a distinctly* more progressive nature when Sr Francisco Fernandez Ordonez, a social democrat, was made Justice Minister last September. This produced a serious confrontation within the UCD, however, and critics of Sr Adolfo Suarez, the then Prime Minister, used the Bill as a way of attacking him.

At the party congress in February, Sr Fernandez Ordonez insisted that he would resign rather than see the Bill diluted by its right-wing critics. *Indeed,* his continued presence in the cabinet after the resignation of Sr Suarez and the abortive coup in February served in some measure to guarantee that the new Government of Sr Leopoldo Calvo Sotelo was not swinging too far to the right.

Monday's vote was on amendments made to the text, by the Senate. The main surprise was the overwhelming rejection (162 to 128) of a conservative amendment by the UCD-controlled Senate permitting a judge to refuse a divorce in cases where the children of the marriage might suffer.

The voting was secret but well over 30 members of the Government disobeyed a whip and voted with the opposition Socialists and Communists to reject this amendment, thus underscoring the serious ideological divisions with which Sr Calvo Sotelo has to cope inside his own party. This split is *bound to increase the calls by* the conservative Catholic element for an alliance with the other right-wing parties.

Kevin Done in Frankfurt assesses the manpower shortage in industry

W. Germany running out of skills

MORE West Germans were out of work last month than in any May since 1948. *But the statistics* of the dole queues hide the fact that some West German industries are beginning to face a desperate shortage of skilled workers.

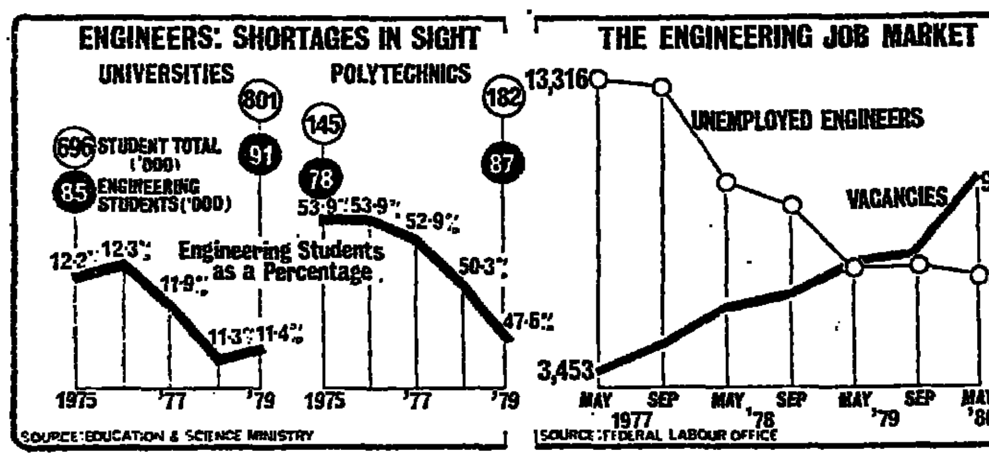
The most serious lack is of engineers. A recent survey of West German employers' federations says 28 per cent of West German companies are unable to cover their requirements for qualified engineering workers. At the same time, as many as 35 per cent of companies are trying to increase their engineering workforces.

Herr Otto Voisard, chairman of Maschinenfabrik Augsburg Nuernberg (MAN), part of the Gutehoffnungshuette group, the largest mechanical engineering concern in Western Europe, says West Germany has "an alarming shortage of technically highly qualified workers.

MAN is trying to solve its own problems. It is training 1,321 first-year apprentices, but has been unable to fill all the training places on offer. It has a total of 3,570 apprentices on its books but is still unable to cover its own *needs.* "MAN urgently *needs skilled workers,*" *says Herr.* Voisard, "but we cannot get them."

For him, too, the worst shortage is of young engineers. West German companies have started to recognise they must carry much of the responsibility for making careers in industry more attractive for young people, but they clearly have a long way to go before they reverse the apparently increasing hostility among young West Germans towards modern technology and technical progress.

At this year's Hanover industrial fair, one of the world's biggest showcases for industrial machinery and equipment, West German industry staged a special display entitled "Youth *and Technology,*" *enlisting jazz* bands, pop groups and audiovisual displays to try to make the world of engineering more attractive, if not more comprehensible.



Siemens, one of the world's largest electrical and electronics groups, has commissioned a wide-ranging survey into public attitudes to technology in West Germany. Dr Karlheinz Kaske, chairman of the board, is clear that: "Further advances in electrical engineering as a whole will *thrive only in an atmosphere* not burdened by growing hostility and scepticism towards technological innovation."

> "The rejection of technological progress *in our country* will surely have serious consequences and could lead to political and social crisis. A society which turns against technological progress does damage to itself and its prospects for the future"—Dr. Karlheinz Kaske, chairman of the board of Siemens.

Many West Germans still *hold to the perhaps naive belief* that simply by increasing the supply of information they can overcome what they see as prejudice or deviant ideas. Thus Dr Kaske told his audience in Hanover: "There is a close connection between a lack of familiarity with technology and a negative attitude towards it. Therefore more basic knowledge should be provided, starting in the schools, on those new technologies that meet with resistance."

There is clearly a long way to go before attitudes are "reformed" and the gap between supply and demand in special sectors of the labour market can be closed. As Herr Voisard points out: "At the end of the first quarter last year there were 1,700 engineers in the electrical and mechanical engineering sectors and only slightly fewer, 1,500 sociologists and political scientists looking *for jobs. For the 1,700* engineers there were more than 6,400 job vacancies, for the 1,500 sociologists and political scientists there were just 38 *jobs on offer.*"

It is doubtful that the trend can be turned round quickly, as the share of engineering students in the total student *population has been declining* steadily.

Leading West German industrialists are concerned that the falling popularity of careers in *some branches of industry* could prejudice future prosperity. International competitiveness will more and more depend on the capacity for *innovation, says* Dr Kaske. "The rejection of technological progress in our country would surely have serious consequences and could lead to far-reaching *political* and *social* crises.

The shortage of skilled engineers is most serious in areas where the labour market *is* in any case stretched by expanding industrial activity, as in Baden-Wuerttemberg. The Stuttgart-based Daimler-Benz, whose car and commercial vehicle production has been virtually untouched by the recession, has been trying to recruit skilled workers made redundant by the troubled Ruhr steel concerns.

Approaches have been made to more than 100 workers at Hoesch, in Dortmund, which is planning to shed up to 5,000 workers in the next few years. But Daimler-Benz is running into another major snag. Herr Hermann Haug, technical director of Daimler-Benz's main Untertuerkheim plant in Stuttgart, *says:* "*Labour mobility* among West German workers is almost non-existent." In the Stuttgart area such is the pressure on housing that many new*comers can be housed only in* workers' hostels because of the lack of reasonably priced family homes.

Workers from other regions *of West Germany often fail to* adjust to life in Swabia, around Stuttgart. "They go back because they prefer to be unemployed in the Ruhr than to be here *without their families,*" says Herr Haug.

The decline of some older industries in parts of West Germany will certainly bring redundancies, increasing the pool of labour available nationally, but there must be doubts about how quickly such workers can be re-trained for jobs in other specialised disciplines needed by expanding industrial sectors. There are also doubts about how far they *will be willing to move to find* work.

President Banana

Zimbabwe plan for mine agency

By Our Salisbury Correspondent

ZIMBABWE is to go ahead with its plan to establish a State-owned metals and minerals marketing agency to "regularise and control" the marketing of the country's mineral exports, President Canaan Banana announced yesterday.

Opening the second session of Parliament since independence 15 months ago, the President also promised to establish new economic substitutions designed to bring about a fundamental restructuring of the economy along the lines of the previously-published economic policy document.

The Government, concerned at the high degree of foreign ownership of industry, would pursue its policy of encour*aging local participation in* industrial development and, *in the case of strategic indus*tries, State participation in such development.

President Banana said that the state of emergency first introduced in 1965 would be renewed during this session of Parliament for a period of six *months.* This would be the final occasion on which the emergency powers would be renewed, he said.

S. African Commission warns on black progress

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S economic progress will suffer unless the movement of blacks into managerial and other highly skilled jobs is accelerated, the Government's National Manpower Commission has warned.

In a special study on South Africa's high-level manpower needs, the Commission says that blacks account at present for only 20 per cent of the country's decision-making group, although they comprise over two-thirds of the total workforce. Whites, by contrast, make up 18 per cent of the economically active population, but supply seven out of every ten managers, researchers, professional people and entrepreneurs.

The Commission concluded that "the contribution that can be made by whites is apparently already largely utilised. If the contribution by the other *(racial) groups cannot* be increased, it is expected that the country will not be able to realise its potential development and growth."

Public *spending* on black education has risen rapidly in recent years, but both the quality and the amount spent per child still lags far behind the segregated whites' system. A Government agency, the Human Sciences *Research* Council is currently investigating all facets of South Africa's education system, including the feasibility of bringing schools for different *racial* groups under the jurisdiction of a single department.

The National Manpower Commission report highlights the *severe shortages* of skilled manpower in South Africa. These have been aggravated by the strong economic upswing of the past two years, but many sectors experienced shortages even during the 1975-78 recession. According to the study, shortages of engineers, natural scientists and high level medical and technical personnel are *particularly acute.*

The Commission said that "even the best statistics about manpower shortages are an underestimation." In many cases, jobs have been filled by inexperienced or unqualified people. The report is particularly critical of facilities available for black university students.

There were 114,200 white students registered at South African universities last year, but only 17,700 blacks, 11,700 Asians and 7,900 people of mixed *race* (coloureds). The imbalance was even greater at technical training institutions.

Blacks are normally forbidden to study at "white" universities or training colleges, except for courses not offered at universities in the tribal homelands. The Commission proposed that the authorities should make "more *generous provision" for other* races to enrol at the "white" institutions.

In a White Paper released with the report, the Govern*ment reiterated* its policy of providing segregated educational institutions, but said it was willing "to have another look at the existing arrangements."

Labour shortage hits mining

BY OUR JOHANNESBURG CORRESPONDENT

THE SOUTH AFRICAN mining industry's expansion plans are threatened by an *increasingly* acute shortage of skilled labour, the President of the Chamber of Mines, Mr Bill Lawrence, said in his annual review yesterday.

The mining houses expect some R12bn (£7bn) in the five years to 1985 on new projects, mostly in gold and coalmining. these ventures wil lcreate nearly 100,000 jobs.

Although most of the openings will be for unskilled labour, Mr. Lawrence said that "the problem lies in the inability of South Africa's rela*tively small white population to* supply all the skills necessary to maintain a rapidly expanding economy."

The number of vacancies for *skilled workers on the gold* mines alone rose by over 40 per cent to 2,609 in the nine months to March 1981.

The increase was even higher in the smae period last year.

Mr. Lawrence said it was difficult to see how expansion plans for the industry could be implemented when the skilled *manpower shortage* was getting worse.

South Africa's trade deficit widened to R340m in May, compared with R84m in April, the *Commissioner for Customs* disclosed yesterday. There was a surplus of almost R600m in the first three months of 1981.

Exports to other African countries dropped to R402m in anuary-May 1981, from R450m in the same period last year.

OVERSEAS NEWS

Terry Povey in Tehran interviews the man leading the hunt for Iran's deposed President

Bani-Sadr still hiding in Iran, says Prosecutor

THE MAN heading Iran's hunt for the missing former President, Mr Abolhassan Bani-Sadr, maintains he is still in the country, despite unconfirmed reports that the fugitive President is in Cairo.

Mr Assadollah Lajervardi, Tehran's Revolutionary Prosecutor, said in an interview in his office in the capital's Evin Prison that "according to reports I have received on Monday night, I believe he is still in Iran."

The 46-year-old prosecutor claimed that Mr Bani-Sadr would, if arrested, face charges covering his actions in relation to the judicial system, Parliament and the creation of instability in the country. He could not comment on claims that the ex-President had fled to his home town of Hamedan in western Iran.

On the arrest of aides of Mr Bani-Sadr, the prosecutor said that more than the eight originally announced were now detained. "We have arrested 24 or 25 close associates of Mr Bani-Sadr," he said. A list of names would soon be published.

Mr Lajervardi said about 400 people had been arrested following Saturday's disturbances in Tehran. Of these, 100 have been released after giving undertakings of good behaviour.

He thought that there might well be further executions in the next few days, following on the 19 executed since Sunday. A further 13 people have been executed in recent days for unrelated offences.

A further nine people were reported executed in Tehran yesterday. Among the nine were three members of the country's Bahai minority, sentenced to death on charges of "collaborating with Zionism."

The other six were people arrested during Saturday's violent pro-Bani-Sadr demonstrations in the capital and were either Mojahedin or Left-wingers.

"Those who we execute are told right up until the last moment that if they repent they will be freed," said Mr Lajervardi. Asked if he was concerned at possible international reaction to these executions, he said: "Yes, we are concerned, but Islam's laws are just and it will take time for all to get used to these types of trials and punishments.

"The people of Iran accept these trials. We don't have secret trials here, but the point is that we cannot wait to gather everybody, journalists included, and then hold the trials. Islamic courts don't work like this. In the present circumstances they must act speedily and decisively."

Outside Mr Lajervardi's office several minibuses full of blindfolded detainees were awaiting admission into the prison. Parked nearby were openbacked vans piled with plastic bags. "It is the evidence against these hypocrites," said the revolutionary guards.

Clearly a number of homes have been raided as the hunt against supporters of Mr Bani-Sadr and his radical and Left-wing allies continues. Inside the corridors of the prison offices blindfolded men and women, their arms outstretched against the wall, were waiting to be questioned.

Our Cairo Correspondent adds: Egyptian officials will neither confirm nor deny reports that Mr Bani-Sadr has sought asylum in Cairo. Most observers see this as a discreet indication that Mr Bani-Sadr is indeed here.

According to a statement issued by the Egyptian Ministry of Information, the reports stated that Mr Bani-Sadr arrived in Cairo on Sunday night. Mr Mansour Hassan, the Information Minister, told reporters that they might read into the statement what they like. When asked if another statement would be issued later, he replied: "That depends on how the situation develops."

Egypt has a tradition of taking in political refugees. When President Sadat granted asylum to the ailing late Shah of Iran, he justified his action then by saying it was in accordance with the humanitarian principles of Islam and the hospitality of the Egyptian people.

Begin sets up municipal court on West Bank

BY DAVID LENNON IN TEL AVIV

THE BEGIN Government has been rushing to tighten its grip on the occupied West Bank before the June 30 elections. Today it set up an Israeli municipal court for the Jewish settlers living there.

This follows the granting of independent municipal status to a number of the Jewish settlements previously under the jurisdiction of the Israeli military Governor of the West Bank.

The creation of the court in the Kiryat Arba settlement beside Hebron is seen by Palestinian lawyers as a major overt step in extending Israeli law to the occupied territories.

Western diplomats said the move had great symbolic significance. Israeli officials say they are planning to set up another court as soon as the case load warrants it.

Meanwhile, a drive to create new Jewish settlements and to expand and strengthen the settlements set up by the Begin Government in the last four years is proceeding at a furious pace.

Work is going on at more than a dozen sites on the West Bank, and tens of thousands of acres of expropriated Arab land have been added to existing Jewish settlements in the last few months.

The intensified settlement drive began earlier in the year, when opinion polls gave Mr Begin little chance of returning to power. And even though the Government's chances of being re-elected have improved dramatically, the settlement drive continues.

In Arab East Jerusalem, which was annexed in 1967, the Government last week opened a new road, linking one of the vast new exclusively-Jewish suburbs straddling the old border with the heart of Jewish western Jerusalem.

The Jerusalem City Council this week approved an outline plan for the construction of 33,000 new housing units on the annexed side of the town. They are to be built on thousands of acres of land expropriated from their Arab owners.

Earlier this week, the Government opened a new coal-fired power station on the coast north of Tel Aviv even though no coal has yet arrived for the station.

An opening ceremony was held earlier this month for the planned Mediterranean—Dead Sea canal project, which it is hoped will eventually generate electricity.

EEC HEADS of Government will next week discuss various alternatives for restoring impetus and credibility to the Mideast peace initiative, John Wyles writes from Brussels. Next week's summit is likely to discuss recommendations by Mr Christoph van der Klaauw, the Netherlands Foreign Minister, who visited all the main Middle East capitals in the past few months, sounding out Governments on the EEC's ideas. He also discussed developments with Mr Alexander Haig, the U.S. Secretary of State, in Manila last week.

Libyans boost their gold stocks by 32% in six months

BY DAVID MARSH

LIBYA has boosted its official holdings of gold by almost one third since last autumn as part of a bid to diversify more of its reserves into the yellow metal, figures published by the International Monetary Fund show.

Tripoli has been one of a string of oil exporting states—also including Indonesia, Iran and Iraq — which have been helping to support the international gold price by converting oil revenues into bullion over the past year or so.

The IMF figures show that Col Muammer Gadaffi's government, whose financial dealings are normally shrouded in secrecy, boosted its gold stocks to about 110 tonnes in April, up 32 per cent from 83 tonnes in September last year. Its foreign exchange reserves rose by a more modest 17 per cent to $10.7bn over the period.

At the present price of around $460 per ounce, the bullion acquisitions are worth nearly $400m. Libya has however spent much more purchasing the gold, as the price has fallen by over $100 since the start of the year. Most of the purchases are believed to have been made through the London gold market.

London bullion analysts believe that one factor behind the gold purchases has been

Col Gadaffi . . . secrecy

Libya's desire to buy international assets that would be safe from confiscation in the event of a major dispute.

Col Gadaffi's adventures in Africa have led to a marked cooling in relations with the U.S. and other main industrialised countries.

Mindful of the freezing by the U.S. in November 1979 of part of Iran's gold reserves held in New York, Libya has been careful to transfer back to Tripoli the bullion it has been purchasing in London.

UK customs statistics published four months ago revealed that in January alone, Libya transferred nearly 13 tonnes of gold from London.

Rents may force foreign groups out of Hong Kong

BY KEVIN RAFFERTY IN HONG KONG

FOREIGN BUSINESSES in Hong Kong have warned the Government they may be forced to pull out because of housing costs, which are the highest of any Asian city.

The American Chamber of Commerce in Hong Kong sent a letter to the Governor saying that if the Government went ahead with plans to decontrol the rents of luxury flats, the rent burden would be too high and many expatriates would be forced to leave.

American, Australian, British, Canadian, Dutch, German, Japanese, New Zealand and Swiss companies held a joint Press conference to warn that unless the controversial Bill was changed, many companies in Hong Kong would re-examine their operations and others would look for cheaper locations.

The companies, combined, have manufacturing investments of HK$ 2.55bn (more than £230m) and almost 90,000 jobs between them.

If foreign companies cease operations or expansion, large numbers of Chinese managers, technicians, clerks, secretaries and other staff would lose their jobs. The rough rule of thumb is that each expatriate "supports" five local staff.

Under a Bill due to be debated today, flats costing above HK$25,000 a month to rent will be exempted from controls from December.

Mr Alex Blum, President of the American Chamber of Commerce, estimated that expatriates who remained would have to pay between HK$200,000 and HK$500,000 a year (£18,200 to £45,500) for rent alone.

U.S. envoys to leave Lusaka

Two senior United States diplomats expelled by the Zambian Government will leave tonight, U.S. embassy officials said yesterday, Reuter reports from Lusaka. The expulsion order, announced by the Foreign Ministry on Monday night, also said a Foreign Ministry official had been arrested on allegations of being an agent of the U.S. Central Intelligence Agency (CIA).

The diplomats are Mr John Finney, Political First Secretary, and Mr Michael O'Brien, Public Affairs First Secretary. The announcement gave the reason for their expulsion as "activities inimical to the security of the State."

Four other Americans were also declared persona non grata for activities alleged to involve controlling Mr Webster Kayi Lumbwe, the detained Zambian, for the CIA.

None of these four—three diplomats who have served in Zambia within the past three years and a businessman who had moved to Zimbabwe in April—is at present in the country.

A spokesman for Mr Kenneth Kaunda, the Zambian President, said the act which precipitated the expulsions was an admission by Mr Lumbwe that the CIA had "examined the possibility of an alternative leadership in the country."

Mr Lumbwe, who worked for the Foreign Ministry's Africa desk political section, had admitted a number of CIA interests in Zambian affairs including weapons deployment, views of top political and military officials and visits by eastern bloc officials.

Soviet ship detained

The Liberian authorities have detained a Soviet cargo vessel loaded with communications equipment for the Soviet Embassy in Monrovia, Reuter reports. The vessel was detained after Liberian officials exchanged sharp words with the Soviet chargé d'affairs at Monrovia's free port.

2m refugees flee

More than 2m Afghan refugees have registered with the Pakistan Government, nearly one-third of them during the first five months of 1981, according to official figures released by the UN, AP reports from Islamabad.

Exxon chief 'accuses Saudis'

BY COLIN CHAPMAN IN SYDNEY

A DIRECTOR of Exxon, the world's largest oil company, whose entire board has been inspecting the Rundle shale oil prospect in Queensland, said yesterday that world oil stocks were 10 per cent higher than necessary, but if Saudi Arabia cut back production to 7.3m barrels a day, the surplus would vanish in 200 days.

The director made his comment on a helicopter flight with Mr Ian McFarlane, Chairman of Exxon's Australian partners in the Rundle venture. Mr McFarlane passed it on to the annual meeting of Southern Pacific Petroleum in Sydney yesterday.

Mr McFarlane said that the Exxon director believed that the Saudis were "flooding the market with crude to get control of the Organisation of Petroleum Exporting Countries, with the result that there was a world surplus of 600m b/d. He added he had been told that the current glut was "not something which was influencing oil companies in their approach to synthetic crude."

Mr McFarlane would not say whether or not Exxon had advanced its thoughts further on the A$4bn Rundle shale project. But he did say that Exxon had a preference for shale developments over technological schemes to develop oil from coal.

What he did disclose was the makeup of the Japanese companies who are to participate in the two year feasibility study on the Condor shale prospect, 250 miles north of Rundle, which, if developed, would cost at least A$7bn.

Apart from the Japanese Government, through the Japan National Oil Corporation, these include 11 refining companies, three steel companies, four heavy industries, five engineering companies and five banks. The names include the Bank of Tokyo, the Industrial Bank of Japan and Sumitomo Bank, Mitsubishi Heavy Industries, Mitsui Engineering, Kobe Steel and Nippon Steel.

Exxon chiefs return from Rundle tomorrow and stage a full Board meeting in the Sydney Opera House. This will be followed by a news conference by Mr Clifford Garvin, the chairman, on Friday.

Japanese partners, Page 28

Saudi Arabia has told Japan it does not intend to cut its oil production for the time being, despite a global glut of crude oil, Japan's Kyodo news service said yesterday, Reuter reports from Tokyo.

Kevin Rafferty, recently in Manila, reports on the latest bid for peace in Indochina

How Asean tried to tempt Vietnam out of Kampuchea

THE MANILA meeting of the Foreign Ministers of the Association of South-East Asian Nations (Asean) ended with many fine words and mutual pledges of support, but with no evident progress on the main issue. Vietnam's 200,000 troops are still firmly in occupation in Kampuchea, and Hanoi has rejected the Foreign Ministers' peace proposals.

Mr Suppiah Dhanabalan, Foreign Minister of Singapore, provided a powerful and lucid exposition of the position in Indochina.

"Asean has shown how much more our economies and our people have gained by forging close ties among the members and establishing confidence in the group by creating a climate of peace, stability and a commitment to growth. Vietnam can share in these benefits. The choice is Vietnam's."

Mr Haig, left, wants aid to Vietnam cut off. Mr Dhanabalan, centre, extols the benefits of peace. Heng Samrin, right, says in power

He contrasted the economic growth rates of nearly 8 per cent a year of the Asean countries—Indonesia, Malaysia, the Philippines, Singapore and Thailand—with the misery in Vietnam, including no growth for the past two years, permanent shortages of most essentials and food rations down to 13 kilograms a month. He spoke of the independence of Asean while Indochina continued to be embroiled in war and increasingly dependent on the Soviet Union.

He offered Vietnam the hand of friendship, on the condition that "Vietnam must first demonstrate that its primary interest is economic development and not territorial ambitions or, in the words of the Soviet ambassador to Vietnam, to become 'the firm outpost of the forces of peace and socialism in South-East Asia'."

He put forward the essential elements of a peace package:

- Withdrawal of Vietnamese forces;
- A United Nations force to keep law and order;
- Disarming of all Kampuchean factions;
- A free United Nations-supervised election, in which the Heng Samrin regime could participate;
- Guarantees that Kampuchea would pose no threat to its neighbours, Asean and Vietnam included. Such guarantees would have to include the external powers which are indirect parties to the conflict.

Other ministers as well as the final communique put forward the same sort of approach, appealing to Vietnam in its own interests to work with Asean.

But the Indonesian and Malaysian ministers packaged their appeals as part of a worldwide survey also condemning the Soviet Union for its invasion of Afghanistan and Israel for its attack on Iraqi nuclear installations.

Hanoi was not impressed. One problem was that Asean offered Vietnam no carrots, in the form of what it would gain by withdrawing from Kampuchea—other than the general hope that peace is better than war—nor did it show it possessed a stick should Vietnam refuse even to attend the special conference at the United Nations next month.

In addition, the proposals were made when Mr Alexander Haig, the U.S. Secretary of State, was in town, along with Foreign Ministers of Japan, the European Community, Australia, Canada and New Zealand for discussions with Asean. As Mr Haig had come directly from Peking, where he had been widely reported as offering U.S. arms to China, it would have been difficult for supersensitive Hanoi not to put together a giant conspiracy linking China, the U.S., Japan, the European Community and Asean.

Wide differences exist among the Asean countries on how they should approach Vietnam, China and the U.S. Indonesia and Malaysia, in particular, with their significant Chinese minorities and with the Chinese Communist Party still supporting the Malaysian Communists in their struggles from the jungles, would not like to be seen as ready for even a short-lived affair with Peking. Thailand, which also has a Chinese minority, though a better integrated one, is a front-line state prepared to clutch at Peking's help to alleviate the distress of an influx of refugees and border intrusions by Vietnam.

This did not emerge from Manila, partly because Asean wanted no differences to emerge, fearing they might be seen as a sign of general disunity. Another problem in Manila was that there were just too many bodies in the conference halls and hotel lobby.

If someone does not take an active role, Hanoi will probably decide its best interest is to ignore the protests and international gatherings and continue consolidating its hold over Kampuchea. Even if a United Front can be stitched together out of the conflicting elements of guerrillas loyal to the ousted leader, Pol Pot, right-wingers and other patriots, the Vietnamese still have all the big guns. And what happens then, mused a senior member of one Western team at Manila. What happens, say, if the mercurial Prince Norodom Sihanouk could be tempted over to the side of Heng Samrin. He said it with an expression of horror.

Energy Review: New Zealand

By Colin Chapman, recently in Wellington

A strategy for moving up the ladder

IN TERMS of economic power, New Zealand falls a little behind Pakistan, Peru and Egypt, and just ahead of Portugal and Israel. Or, put another way, somewhere between America's Standard Oil and Gulf Oil corporations.

But in energy power, New Zealand is moving up the ladder with a speed that is now attracting international interest. Faced with an energy import bill which rose through the 1970s from NZ$90m (£39m) in 1973 to NZ$1.5bn this year, the Wellington Government promoted a vigorous exploration and development programme. The result is that the country is now rich in energy in various forms—the offshore Maui gas and condensate field, the McKee oil field in Taranaki, large reserves of coal with an energy equivalent of six Maui fields, plus hydro and geothermal resources.

Now New Zealand is about to exploit these resources with a series of multi-million dollar projects. By the middle of the decade it will be halfway towards self-sufficiency in transport fuels, and an exporter of petrochemical feedstocks. Plans are also well advanced for an energetic industrialisation programme, including the construction of one, and perhaps two, aluminium smelters.

What separates New Zealand from some other energy-rich countries—notably its big brother, Australia, across the Tasman Sea—is that the Government decided on a deliberate strategy, and has stuck to it. First it took a half share in the Maui field, through the state Petrocorp company, with BP (18.75 per cent), Shell (18.75 per cent) and Todd Petroleum (12.5 per cent) taking the rest.

On the long-term gamble that energy prices would rise, justifying investment in new technology, the Government then opted against "one market" development of liquefied natural gas—for which there seemed to be excellent prospects, particularly in Japan — because it would have tied New Zealand to long-term contracts. Instead it set out to reduce the country's reliance on long-term imported energy, and embarked on four major capital intensive programmes which allow for diversification of energy supplies.

The most imaginative, and bravest, of these is the agreement entered into with Mobil Oil for the establishment of a NZ$550m synthetic gasoline plant, which will take New Zealand to the frontiers of synthetic petroleum technology. The Mobil process relies on the conversion of natural gas to methanol and processing over a catalyst to produce a high grade petrol that may be used without any modification to vehicle engines and which can be distributed through existing outlets.

In terms of total Maui reserves—assumed, probably conservatively, at the equivalent of 130m tonnes of crude oil over a 30-year period—only 16 per cent of the allocation will go to the Mobil plant, though in the early stages the figure will be higher than that. Sited near New Plymouth the plant should be in production by 1985 producing 580,000 tonnes of petrol yearly, meeting one-third of current domestic requirements.

There has been some hesitation about the project following publicity that the Mobil process, using the ZSM-5 catalyst, had been shunned in developments in West Germany and Australia, where another technique is planned. But in the past few weeks Mr Robert Muldoon's Government has decided to push ahead in the belief it would be wrong to wait on the off-chance that the alternative might offer a slight improvement in efficiency. Dr Colin Maiden, head of the NZ Synthetic Fuels Corporation, says the efficiency of the methanol to petrol stage is in the region of 90 to 95 per cent, so any improvement would be relatively small.

Ahead of the synthetic petrol project is the Stand-Alone methanol plant to be built near Waitara by Petrocorp and Canada's Alberta Gas and Chemicals, which will produce 4m tonnes of chemical methanol each year, with all of the product destined initially for export. This will cost NZ$150m, and should earn NZ$60m a year in foreign exchange.

In the planning stage of this project the Government demonstrated a remarkable ability to cut a swathe through the normally complicated environmental protection and import substitution procedures, using the "fast track" provisions of the National Development Act, which should ensure the project is completed in two year's time. This will use about 6 per cent of Maui reserves, contracted for 20 years.

Closely related to the production of synthetic petrol through the Mobil process, the other major transport fuel development of the Maui fields is the decision to increase by 50 per cent the capacity of New Zealand's one refinery at Marsden Point, Whangerei.

This will cost about NZ350m, and will be based on a hydro cracker, which, while more expensive to build and operate than the more conventional fluid catalytic crackers, will give the operator greater efficiency.

For instance, it will be able to make distillates from generally less-favoured heavy crudes which cannot be handled by many overseas refineries.

The Government also has a scheme to convert 150,000 fleet and private vehicles to compressed natural gas by 1985. Achieving the target involves subsidies, training of skilled manpower to install and maintain conversions, and to set up and operate a major CNG distribution network. The total cost is estimated at NZ170m.

Despite these major developments, at least half of the Maui gas should still be available by AD 2000, and New Zealand is also pushing ahead with renewable energy resources. Probably the most important of these is hydro-electricity, using the water coming off the scenic snow-capped mountains of the South Island.

Hydro-power accounts for about 85 per cent of New Zealand's electricity generating capacity, with stations at present in operation developing about 18,000 GWH against the total annual energy consumption of 100,000 GWH. It is estimated that potential hydro-electric capacity could be more than 55,500 GWH, over three times the current output, although environmental and cost considerations make it improbable this potential will ever be realised.

Another source of renewable energy is the North Island geothermal fields. One power station at Wairakei runs almost continually at near maximum output of 160 MW and produces 1,100 GWH a year, and a second geothermal station is to be built at Broadlands. At this stage the Government estimates that 13,900 GWH could be produced from the boiling geysers. And the geothermal steam also has direct applications in the paper and pulp industries.

Looking further are New Zealand's coal resources, particularly the South Island lignites, which, unfortunately, are located beneath some of the best grazing country. Since 1974 exploration programmes have led to a trebling of reserves, now estimated at 3,445bn tonnes. (At present only 2m tonnes a year are being mined.)

The South Island lignites are in an area of 19,300 hectares, relatively near to the surface, in seams up to 20 metres thick, and while a full assessment is still being carried out, preliminary estimates are that the field should have an energy equivalent of about five Maui gas fields.

New Zealand has decided against exporting surplus energy to make a short-term gain, even though it would bring riches to a country that has had negative growth for many years. Instead it is developing energy industries, which include a third potline at the Comalco Tiwai Point aluminium smelter, and the construction of a second smelter near Dunedin.

Already the developments so far in train have led the International Monetary Fund to revise upwards its projections for New Zealand, with growth of 2½ and 3½ per cent now expected for the next 12 months.

PROJECTS FOR THE 1980s

	Completion	Cost 1980 NZ$m
Expansion of Marsden Point refinery	1984	500
Stand Alone methanol plant (1,200 tonnes per day)	1983	130
Synthetic gasoline plant	1985	550
Kapuni ammonia/urea plant	1982	72
LPG distribution scheme	1984	60
Ethylene production	1988	250
CNG conversion for 150,000 vehicles	1985	170
Third potline, Comalco, Tawai Point	1983	140
Second aluminium smelter, Dunedin	1986	650

No Salt talks for at least nine months Senate inquiry told

BY DAVID BUCHAN IN WASHINGTON

WASHINGTON will not be ready to enter negotiations with Moscow on strategic arms *limitation for* at least nine months, according to Mr Eugene Rostow, the Administration's nominee as head of the Arms Control and Disarmament Agency. He was speaking during Senate hearings on his nomination.

A former Democrat, Mr Rostow explained bluntly: "As of this moment, I don't know anybody in this Government with whom I've talked, who knows what it is we want to negotiate about."

Senator Charles Percy, chairman of the Foreign Relations Committee, chided Mr Rostow about the delay on strategic arms talks, which are separate from the medium-range missile discussions due to open between the two superpowers this autumn. Mr Percy reminded Mr Rostow that President Reagan had promised speedy preparations for a brand new round of Salt negotiations in campaign pledges last year and in consultations with allies this year.

A key decision which Mr Reagan must make before contemplating new Salt talks is how and where to base the new MX missile system.

A study this week from Congress's Office of Technology Assessment, argues that the U.S. should now build 350 MX missiles, compared to the 200 originally planned by the Carter Administration, because of the rate at which the Soviet Union is building new missiles.

President Leonid Brezhnev yesterday called on the West to resume arms limitation talks and said the risk of nuclear conflict was increasing "with every day lost for negotiations," David Satter reports from Moscow. The Soviet leader was addressing the Supreme Soviet and accused the U.S. of launching an arms race "unprecedented in scale."

This would raise the already enormous price of the MX, put by the Carter Administration at $33bn.

There is growing opposition to the Carter Administration's plan to put the MX on giant "racetracks" in the Utah and Nevada desert. This is the heart of Mr Reagan's political constituency, and the Administration has been casting around for alternatives.

Air control deal breaks wage limit

BY IAN HARGREAVES IN NEW YORK

UNIONS representing 1.2m U.S. federal government employees were yesterday studying the terms of an agreement between air traffic controllers and the Government which headed off a threatened strike by the controllers on Monday.

The initial verdict is that the controllers have made a hole, but not too large a hole, in the Reagan Administration's plans to restrain the federal wage bill in the next fiscal year.

The immediate rise awarded to the controllers averages 6.6 per cent or $2,000 (£1,000) per employee, against the $10,000 the union had claimed. The value of the deal is increased by treating hours in excess of 36 per week (the normal period worked is 40 hours) as overtime and by increasing payments for nightshifts and for supervising training programmes. The union has also won a long-sought voice in discussions about *safety standards*.

There was no immediate reaction from other unions as full details of the controllers' deal will not be published until they have been ratified by the union membership during the next three weeks.

For the other 1.2m federal employees who belong to trade unions, the most immediately striking feature of the deal was the union's success in getting the Government, represented by Mr Drew Lewis, the Transport Secretary, to bargain on wages at all.

Theoretically, federal employees have their wage increases settled in Congress and a Government agency merely negotiates about conditions.

The increases proposed are somewhat in excess of the 4.8 per cent basic guideline contained in the Administration's proposals to Congress for federal pay increases from October 1. The American Federation of Government Employees, which represents 700,000 federal Government workers, is expected to use the deal as a point of reference in a number of contract negotiations.

The controllers' deal could also have some impact on recently opened negotiations by the postal workers. The 595,000 postal workers' three-year contract expires on July 20.

U.S. inflation rate spurred by higher interest charges

BY OUR U.S. EDITOR IN WASHINGTON

THE RATE of consumer price inflation in the U.S. picked up in May, *largely because of the predictable* impact of higher interest rates on housing costs.

The consumer price index rose by 0.7 per cent last month after modest increases of 0.4 per cent in April and 0.6 per cent in March. The housing component rose by 1.3 per cent, twice the average increase of the previous four months and accounted for four fifths of the overall advance in the index.

Last month's figures mean that the index has gone up in the past three months at an annual rate of only 7 per cent while over the past year it has advanced by 9.8 per cent, the lowest 12-monthly moving figure in more than two years.

Nevertheless the inflation rate meant that, for the fifth time in *the past six months*, the real spendable earnings of the average worker continued to decline (in May by 0.4 per cent). Over the past 12 months real earnings have dropped 2 per cent.

Housing apart, most other sectors incurred only small price increases. The cost of food actually declined 0.2 per cent in May, largely because of a sharp drop in fresh fruit and vegetable prices.

The price of petrol also fell, by 1.5 per cent, testifying to *current adequate fuel supplies*. According to the Labour Department the average cost of a U.S. gallon (one sixth smaller than the Imperial gallon) now stands at $1.37.

Overall transport costs increased, by 0.3 per cent, with cheaper fuel being more than offset by higher new car prices, the result of domestic manufacturers and dealers ending their big spring discount promotions.

The only sectors to experience substantial inflation were health care (up 0.9 per cent) and the catch-all "other goods and services" component, which rose by 1.2 per cent in response to higher prices for tobacco, toilet goods and bank service charges.

AP-DJ adds: Mr Jerry Jordan, *who* has been nominated a member of the President's Council of Economic Advisers, told Congress yesterday that he believed that both interest rates and inflation had reached cyclical highs.

Mr Jordan told the Senate Banking Committee at his confirmation hearing that enactment of Mr Reagan's tax and spending reduction proposals could prompt a decline in interest rates and inflation.

Argentine peso falls with new dual-rate policy

BY OUR BUENOS AIRES CORRESPONDENT

THE ARGENTINE peso has fallen sharply against the dollar following the Government's creation of a two-tier exchange *rate policy*.

The peso dropped yesterday to trade at 5,000-5,500 to the dollar after Friday's level of 4,540-4,640. This followed Monday's announcement that the financial peso would be able to float freely, while the commercial rate would be fixed at 4,448 pesos to the dollar.

The move ended months of speculation over the exchange policy to be adopted by Dr Lorenzo Sigaut, the Economy Minister, who took office with the change of government at the end of March.

Spreads between buying and *selling rates widened sharply* on Monday as foreign exchange dealers tried to assess the implications of the move, which was accompanied by a rush on dollars and other hard currencies. At one point on Monday the peso traded at 6,000 to the dollar.

Uncertainty over the future of the peso has caused continuous demand for the dollar since a 23 per cent devaluation on June 2.

Ottawa set for energy battle with Quebec

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government appears set for a major confrontation with Quebec following the publication of a *draft energy Bill which would* give the Government the power to expropriate a right of way through the province to carry hydro-electric power from Labrador to the U.S.

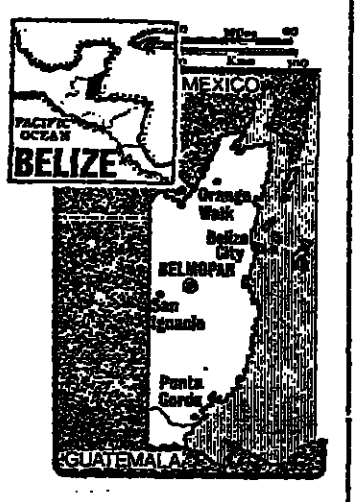
The plan, unveiled by Mr Marc Lalonde, Canadian Energy Minister, means the federal Government is siding with Newfoundland in its long feud with Quebec over exports of hydro-electric power from the Lower Churchill falls. Mr René Levesque, Quebec's Premier, immediately denounced the idea as "unthinkable."

The Bill would also extend **federal powers by allowing the Government to increase the authorised share capital of the state-owned oil company, Petro-Canada.**

It would empower the federal Government to monitor the financial dealings of petroleum, coal and uranium companies and give the federal Cabinet the power to set oil and natural gas export prices.

Why the Belizeans baulk at freedom

By William Chislett



BRITAIN'S LAST American mainland colony, Belize is finally set to achieve independence this year. But the idea of independence has come under fire from an unexpected quarter: the Belizean Opposition.

For years Guatemala, Belize's neighbouring military dictatorship, with an army 10 times larger than the 1,600-strong British force stationed in the colony, was the main obstacle to independence because of its territorial claims over the sugar-growing Central American territory, whose own army numbers just 300.

The Guatemala Goliath recently dropped its claims over the Belizean David, which it had threatened to invate. To Whitehall's relief, it is now negotiating a treaty with the UK.

But the conservative Belizean opposition is whipping up support against the treaty, which it regards as a sellout. In April,

A bill to give Belize independence was tabled in the House of Commons last week and talks between Britain and Guatemala are expected to resume in New York early next month. After the Anglo-Guatemalan talks, Mr George Price, the Belizean Prime Minister is to hold a referendum on independence. Diplomats in London suggest independence will be announced late this year.

members of the United Democratic Party went on the rampage, forcing the British governor of Belize, a country about the size of Wales with a population of 145,000, to impose a three-week State of emergency.

Mr George Price's Social Democratic, pro-independence Government has now conceded a referendum on the treaty to the opposition.

The treaty and independence are two separate issues. However, a massive no-vote against the treaty could be interpreted, at worst, as a rejection of independence, or at least give Belize a troublesome start as a free country.

Were Britain to put off independence this could also create a problem with the UN—which passed a resolution on Belizean independence—as well as alienate Mr Price and drive Whitehall to despair.

Mr Nicholas Ridley, the Minister of State for Foreign and Commonwealth Affairs, told Belizeans in May, after the riots, that if the treaty was rejected this would "deliver a major snub to Guatemala which would be highly provocative."

For 17 years Britain has been trying to negotiate a settlement to enable it to pull out its troops and the four Harrier jump jets maintained at a cost to British taxpayers of £25m a year—quite a high price for a country which is hardly of any strategic importance to Britain.

Britain is committed to keeping some troops in Belize for a time after independence. The number, and thus the cost, could be higher than Whitehall is hoping for, if the treaty is thrown out

Washington is also anxious to see Belize move smoothly to independence, it wants no new friction in already turbulent Central America.

The main points in the treaty being negotiated are that Guatemala will be granted access to the Caribbean free port facilities and, most controversial of all, "use" of the Ranguana and Sapodilla Cays off Belize's coast. Not an inch of land will be ceded.

What the Opposition really objects to is independence itself. They do not believe Belize is sufficently developed to strike out on its own.

"Belize means nothing to Britain," said Mr Emanuel Esquivel, a prominent Opposition figure. "But we have to make sure that we are not left in the lurch."

Mr Esquivel believes Guatemala is playing a game and that once Britain pulls out, Guatemala will take over.

For years, Belizeans, a mixture of blacks, Caribs, Europeans, Arabs and Chinese, many the descendants of the original settlers' slaves, have lived comfortably with the British military presence.

It has made them feel secure from Guatemala, while the troops also contribute quite a lot to the $127m gross national product.

In fact, the sparsely populated country has a more promising future under independence. The country, which receives about £4m in capital aid from Britain, will be able to tap World Bank, International Monetary Fund and Inter American Development Bank Funds, and probably U.S. aid too.

Belize also has a very large untapped *agricultural* and tourism potential. There may even be oil, if the fields discovered in Guatemala and Mexico extend around to Belize.

GM (Brazil) lays off 1,300

BY RIK TURNER IN SAO PAULO

GENERAL MOTORS of Brazil, the country's second largest car manufacturer and a subsidiary of the U.S. company, has laid off 1,300 workers at its Sao Paulo factory. This reduces its Brazilian workforce to 18,400.

The company blamed poor sales. During the first five months of the year the company's domestic car sales have been about 50 per cent below sales during the comparable period of last year.

The move follows the broad pattern of lay-offs in Brazil's car industry this year. Volkswagen, Latin America's biggest car producer, earlier cut 4,500 jobs. Fiat Diesel Truck dismissed 250 workers in May, and GM had already reduced its staff by 1,000 in February.

Total vehicle sales in January were 86,000 and by May were down to 63,000. Both VW and GM have attempted to improve sales by introducing discounts

The reasons for the decline include an annual rate of inflation of 120 per cent, a regulation limiting the hire-purchase period to 12 months and interest rates of about 140 per cent.

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WORLD TRADE NEWS

Soviet deficit with West doubles

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION, which last year had a trade surplus with the West, swung back sharply into deficit in the first quarter of this year, possibly reflecting the impact of Soviet aid to Poland.

According to figures in the Soviet journal Foreign Trade, the deficit was Roubles 1.870bn (£1.272bn), more than double the deficit for the first quarter last year of Roubles 903.4m.

The Soviet Union traditionally has registered large first quarter deficits in its trade with the West, but in the past few years rising world prices for oil and gas have helped to reduce the imbalance.

In the first quarter this year, the value of Soviet exports to the West—at Roubles 3,089m—remained virtually the same as in the first quarter last year, despite rising world oil and gas prices. The value of imports—Roubles 4,959—was 27 per cent higher than in the same period of 1980.

The stagnation in the value of exports was explained in part by reductions in exports of coal and oil, which may have been the results of events in Poland. Polish coal deliveries to the Soviet Union have fallen sharply. This is believed to have forced the Soviet Union to cut its own coal exports to the West to make good the difference.

The Soviets have reduced oil exports to traditional customers in the West while exports to Poland of oil and other raw materials have risen sharply.

Other factors in the larger than expected first-quarter deficit with the West were believed to be a sharp rise in imports from Japan of steel plate and large diameter pipe as well as large foreign grain imports. Most of these take place in the first half of the year.

Soviet trade overall showed a deficit of Roubles 1,095m with surpluses in trade with the socialist countries and the third world only partly offsetting the deficit with the West.

EEC agrees tough line in Japan talks

BY JOHN WYLES IN LUXEMBOURG

EEC GOVERNMENTS have agreed on the need to deliver a tough lecture on trade to Japan at next month's world economic summit in Ottawa despite recent indications that Tokyo is ready to take stronger action to curb its growing trade surplus with the Community.

While welcoming Japan's apparent readiness to show more flexibility, EEC Trade Ministers decided here yesterday that the Community must maintain its pressure for an opening of the Japanese market to foreign manufactured imports and for an easing of its concentration of exports on a few key sectors such as cars and electronics.

At the same time, Ministers were generally cautious about trying to develop a common commercial policy towards Japan which might require changes in the existing national restrictions on imports, principally of motor cars but also of other products.

"Understandably, countries will not give up their existing arrangements until they have something as effective to replace them," said Mr John Biffen, the UK's Trade Secretary, yesterday.

He added that anxiety about the Japanese trade challenge would remain, despite recent assurances from Tokyo, until there were some "tangible" signs of an improvement in the situation.

In its efforts to manoeuvre the Ten behind a common policy, the European Commission is initially concentrating on stepping up efforts to export more to Japan. Essentially, it wants to build on the Japanese Government's plans to issue official advice to its private sector to step up its manufactured imports.

The Commission was encouraged by Ministers yesterday to develop its ideas for a common economic services programme which would beef up the EEC trade presence in Japan, promote contracts between EEC and Japanese businessmen, provide intelligence reports on Japanese markets and try to win a bigger share of Japan's estimated $10bn a year public procurement contracts.

In the follow-up to the Ottawa summit, the Ten are likely to consider possible means of achieving closer liaison and understanding on trade problems with Tokyo.

ECGD signs insurance deal with Tokyo

BY OUR WORLD TRADE STAFF

THE PROSPECTS of co-operation between UK and Japanese companies in third markets have been enhanced by the signing of a new agreement between the Export Credits Guarantee Department (ECGD) in London and the Export Insurance Division of the Ministry of International Trade and Industry in Tokyo.

The agreement is for the joint insurance of UK and Japanese companies collaborating on capital goods projects. "It applies where Japanes or UK main contractors sub-contract with the other country and where payment to the sub-contractor is conditional on payment being received first by the main contractor," ECGD said.

The aim of the agreement is to end any confusion or administrative delay in settling insurance cover for joint ventures. There have been cases in the past of uncertainty about where coverage of one agency stopped and the other started.

Negotiations for the agreement have been going on sporadically for a year, but the timing of the signing is clearly linked to the visit to London last week of Mr Zenko Suzuki, the Japanese Prime Minister, and the attempts to reduce trade friction between Japan and the EEC.

Increased collaboration between UK and Japanese companies in third markets is believed to have been one of the suggestions Mrs Thatcher, the Prime Minister, put to Mr Suzuki as a means of lessening this tension.

Yugoslavs win $570m order from Iraq

By Patrick Cockburn

A $570M TURNKEY contract for the construction of a power station in Iraq has been won by Hidrogradnja of Yugoslavia.

The hydroelectric station, with six 110 MW turbines, will be built at Haditha on the Euphrates River north of Baghdad. Some 2,000 workers, mostly Yugoslav, will be employed on the project.

Iraq has long been a major trading partner with Yugoslavia

Last year Yugoslav exports to Iraq were worth $306.5m compared with imports of about $900m. This year exports are expected to top the $500m mark.

The Yugoslavs have had success in winning large construction contracts for power stations, dams, irrigation schemes and housing. Earlier this year Energoproject of Belgrade won a $143m contract to build apartment and office blocks in Baghdad.

The other Arab market which Yugoslavia has been successful in penetrating is Libya

Brown Boveri in Libyan sale

By Stewart Fleming in Frankfurt

BROWN BOVERI of West Germany and its Swiss parent group, have won a DM 200m (£42.4m) order for electrical and power equipment for Libya's first steel works.

The DM 1bn steel complex is being built under the leadership of Voest Alpine, the Austrian Steel concern. Brown Boveri has won the order for the complete electrical equipment of a cold steel rolling mill worth DM 133m.

Setback for Rolls-Royce over Egypt power station contract

BY MARGARET HUGHES IN CAIRO

THE INDUSTRIAL and marine division of Rolls-Royce has failed to secure a negotiated contract for the extension of the Mahmoudiya power station, some 40 miles east of Alexandria in the Nile Delta. The contract has now been put out to tender so that instead of having the field to itself Rolls-Royce will have to compete openly with other companies.

Tenders have to be submitted in two parts — the technical offer by July 15 and the price/financial package by August 8. The Egyptian Electricity Authority (EEA) is seeking 100 per cent financing. Up to 12 companies are expected to compete for this turnkey contract which calls for the supply of gas turbine power plant with a capacity of 100 Mw to bring the total Mahmoudiya output to 300 Mw. The competing companies are expected to be mainly General Electric and Westinghouse licencees such as Fiat, Nuovo Pignone, Alsthom, Thomasen and Mitsubishi.

It is understood that Rolls-Royce failed to win the contract on a negotiated basis because its price was some 20 per cent higher than the equivalent of E£15.63m (£11.2m) quoted by Brown Boveri earlier this year for a similar project at El Siouf in the Alexandria area.

This represents a double blow for Rolls-Royce. The company was awarded the contract for the first phase of Mahmoudiya in late 1979. This contract, worth £28.5m, was a breakthrough for Rolls-Royce since it was the largest of its kind to be awarded to the company outside the UK.

It involved the supply of four 50 Mw gas turbines, each powered by two Olympus engines. Completion of this contract is several months ahead of schedule with the first turbine due for start up in the first week of July and the others over the next two to three months. Given this performance and the fact that it had been negotiating for well over a year Rolls-Royce was fairly confident it would also undertake the second phase.

The first setback came with the EEA's decision not to install a combined cycle system whereby waste heat from the Olympus engines is recycled to drive steam turbines. This produces an additional 50 per cent power output for the same fuel consumption.

When Rolls-Royce was awarded the initial Mahmoudyia contract it was asked to submit a technical offer for its combined cycle technology with a view to using it in subsequent expansion. The Egyptian plant would have been the first overseas plant to use this Rolls-Royce technology which the company hoped would be the showpiece to bring in more orders.

Because of this new technology the Overseas Development Administration (ODA) had committed £7m in aid funds to the extension—in addition to the £10m which had been so crucial in winning the original contract.

But with the Egyptian decision not to proceed with combined cycle system—largely because of the higher initial costs and despite the fact that this would have been offset by the much needed additional power generated—the aid commitment was withdrawn.

As a result Rolls-Royce lost not only the opportunity for putting its new technology into practice in the Middle East but was also unable to offer attractive financing for the supply of gas turbines power plant. To an extent timing was not on its side for had the current weakness in sterling come earlier it might have been able to quote a price which would have been attractive enough for the Egyptians not to put the contract out to tender. Now it faces stiff competition from companies which do have access to aid and other soft financing—so crucial in any Egyptian deal.

Aid to small exporters extended

BY OUR WORLD TRADE EDITOR

THE GOVERNMENT'S drive to induce smaller companies to become more involved in exporting has led the British Overseas Trade Board (BOTB) to widen the range of its market entry guarantee scheme.

This provides funds to support small and medium-size companies taking export initiatives by meeting up to half the overhead costs. The funds are repaid at commercial rates if the venture is a success.

The scheme is being extended in two ways:

● To help the services sector, non-manufacturing exporters now qualify.

● The amount of funds available is being raised for all exporters to a limit of £150,000 for each venture, from £125,000.

Since the scheme started in January 1978, the BOTB has received 275 applications, of which 80 were turned into risk-sharing agreements. At present 73 of these agreements are still in force. In the year to last March, the funds supplied came to £1.1m.

The fall in numbers — the relatively small amount of agreements relative to the quantity of applications — is because BOTB demands marketing plans, backed by market research, before it agrees to make funds available.

Companies applying under the scheme's conditions have a year to provide details of their venture. The application then lapses.

The minimum amount of funds BOTB will put up is £20,000 and it will not consider ventures with planned eligible overhead costs of less than £40,000.

Once an agreement has been signed with a company, the funds are provided annually, after the expenditure is incurred. Repayments are made through a levy on sales over the agreement period of up to five years.

Portugal and Belgium strengthen ties

BY DIANA SMITH IN LISBON

PORTUGUESE and Belgian construction companies plan to join forces to compete more effectively for valuable contracts in Africa, the Gulf area and China. The idea would be to combine Belgian advanced technology with Portuguese intermediate technology and manpower.

This proposal emerged from a week's round of meetings in Lisbon of a 65-man Belgian mission headed by Prince Albert, heir to the Belgian throne, and M Robert Urbain, Minister of Foreign Trade.

The mission's main purpose was to find ways of building up Belgian investment and two-way trade. This was $360m (£180.6m) last year, with an $80m deficit for Portugal. After the revolution, annual investment and reinvestment by Belgian concerns fell drastically, totalling less than $1m in 1979. Last year, with returning confidence, investment and reinvestment picked up to Esc. 741m (£5.9m).

To stimulate Belgian investment in Portugal beyond the long-standing electrical machinery, chemicals and mining concerns that have been here for decades, the Portuguese agreed to sign an agreement on the mutual protection of investment, which M Urbain described as a "necessary but not sufficient" condition for new investment by small or medium-size companies, whose degree of risk inevitably was higher.

Belgium is Portugal's tenth largest trading partner and its third largest buyer of port wine, of which the Belgians are the heaviest consumers per caput in the world.

Belgian scientists and businessmen included in the mission offered the Portuguese transfer of technology in nuclear energy and solar photovoltaic conversion, two energy sources in which Portugal is particularly interested because of its prohibitively expensive dependence on imported oil.

Mexican oil boost resisted

By Robert Gibbens in Montreal

CANADIAN REFINERS are resisting attempts by Mexico to sell them more oil on the grounds that it is too expensive despite a recent $4 a barrel reduction in price, and too heavy in quality. Two years ago, Canada agreed with the Mexican Government to take about 100,000 barrels a day of Mexican crude for Eastern Canada refineries.

Last year trial shipments were made, and eastern refiners, despite the Iranian crisis, were in two minds because of its price and heavy characteristics. Canada's eastern refineries were built to process mainly light crude. However, with the country's national energy programme of last November and the supply cut-backs from Alberta in the west to the east they agreed to take what was then available, or about 50,000 barrels a day.

Late last year, storms in Mexico caused delivery problems, and only a trickle of oil arrived in Eastern Canada from Mexico. In the spring the flow improved.

Last week the federal Government, in response to Mexico's offer of more supplies, asked the refiners whether they would need further amounts. Most, including Shell Canada and Ultramar Canada, say they don't want any more because it is highly priced and lighter crudes are now available on the world market that do not require "mixing" with heavier types in the refinery process.

Algeria LPG project

Marubeni Corporation and Kobe Steel have won a joint Y60bn (£135m) order to build a liquefied petroleum gas plant in Algeria, Reuter reports from Tokyo. The contract, awarded by Sonatrach of Algeria to build a plant at the Hassi Rmel natural gas processing complex, is subject to Algerian government approval.

Employment falls by 1.4m since mid 1979

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

EMPLOYMENT in the UK has fallen by more than 1.4m, or over 6 per cent, since the start of the recession in the middle of 1979.

Figures to be published in the Department of Employment's monthly gazette later this week will show that the number of workers with jobs is provisionally estimated to have fallen by between 250,000 and 300,000 on a seasonally adjusted basis between the end of December and the end of March to just under 21.5m. This compares with a drop of 385,000 in the previous three months. The lower rate of decline reflects a slowdown of the decrease in manufacturing jobs.

Nevertheless, the fall in employment is unprecedented by comparison with previous post-war recessions. The drop of around 1.42m since mid-1979 compares with a rise in registered unemployment of about 1.1m in the same period.

The gap highlights the continuing fall in the workforce. There is an increase of more than 150,000 a year in the population of working age, so there is a large group of missing workers, mainly reflecting earlier retirement among men and probably also a large number of discouraged women workers (notably married women) who do not register.

Manufacturing employment is continuing to decline, though at a slower rate than in the autumn. The total is estimated to have dropped in April by 47,000 to 6.04m, seasonally adjusted. This compares with an average monthly decline of 51,000 in the first quarter of this year and of 77,000 in the fourth quarter of last year.

Since mid-1979 manufacturing employment has dropped by over 1m, or 14.5 per cent.

The number of manufacturing jobs has continued to decline even though there are now clear signs that output has stabilised. This points to an improvement in output-per-head.

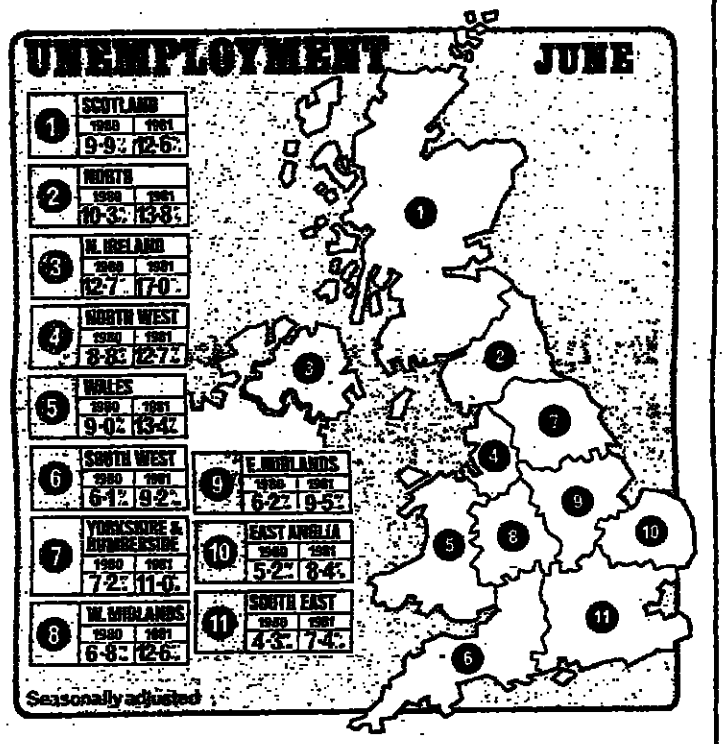
There are also apparently signs that the trend of redundancies may be downwards. This is being disguised at present since a tightening of official procedures may be artificially inflating the estimates of monthly notifications.

Notified redundancies in Britain in May affecting 10 or more workers were 47,200, though this may rise to over 50,000 when later figures come in. This compares with between 40,000 and 50,000 in the previous three months.

Department of Employment figures released yesterday indicate that the number of people covered by special employment and training measures at the end of May was 947,300, a drop of 15,800 compared with the previous month.

The main change over the month was a drop of 24,000 to 687,600 in the number helped by the temporary short-time working compensation scheme and a rise of 10,000 to 155,000 in those covered by the Youth Opportunities programmes.

The figures highlight the differing experiences of various regions. The jobless total in the West Midlands (once an area of below average unemployment), is continuing to rise much more rapidly than the national average—nearly doubling in the past year against a 65.5 per cent rise for the UK as a whole.



Diving bell safety rules 'sacrificed'

Financial Times Reporter

A NORTH SEA diving vessel in which two men died should not have been in use because safety measures were sacrificed, a fatal accident inquiry was told yesterday.

What should have been a straightforward rescue of the two divers, trapped 500 ft below the surface, turned into a succession of disasters, it was said.

Regard for the safety of the two American divers, who died on the Thistle Field on August, 1979, after the main lift wire to their diving bell parted, was "seriously lacking," Mr Reg Christie, for the men's families, said in Aberdeen.

The divers, 28-year-old Victor Guiel, of Massachusetts, and Richard Walker, aged 32, from California, were found dead inside their bell when it was recovered

Mr Christie said on the final day of the inquiry, which had been adjourned from last month, that there were a considerable number of defects in the diving system aboard the divers' vessel, Wildrake.

Mr James Tierney, for the diving company Infabco, said that at the time of the accident, the diving vessel and system were the most modern in the North Sea.

It would not be consistent with the evidence to find that there was substantial fault by those on board the Wildrake, he said.

Breakfast television plan a 'low priority' for BBC

BY ARTHUR SANDLES

THE BBC is losing its enthusiasm for an early start to breakfast television.

There has been talk of a spring, 1982, beginning for the service to pre-empt ITV plans. But, Sir Ian Trethowan, director general of the BBC, said in London yesterday that "there is no pressure on us to start next year."

The Independent Broadcasting Authority said last week that ITV's breakfast television service would start, as originally planned, in May 1983, despite pressure from Mr Peter Jay's TV-AM, which holds the franchise, for an earlier launch.

The BBC will not be including plans for a breakfast programme to compete with ITV in its formal application to the Government for a bigger licence fee, Sir Ian said. The BBC is seeking an increase of £16 to £50 for an annual colour licence. If a breakfast-time television show was started—running costs of £2m a year were mentioned by Sir Ian—"we shall have to find the money from elsewhere," he said.

With only weeks to go before the BBC makes its formal application to the Government for the increase in the licence fee, the corporation is intensifying its campaign for public acceptance of the proposal. Today sees the start of a series of BBC TV advertisements for the corporation's newly launched licence gift token.

The BBC's breakfast TV plans centre on Radiovision, a system for simultaneous transmission of programmes on radio and television.

"It is a low priority for us," said Sir Ian. "But if there is to be television at breakfast time, there is probably a need for a BBC presence."

The main points of the BBC's arguments for a £50 licence fee are likely to be the need to restore network television services, cut as a result of money pressures; the need to close the gap between ITV and BBC fees to artistes; a desire to reverse the trend towards centralisation to London; the intention to finance a further expansion of local radio; and plans for the restoration of afternoon services for shift workers and the unemployed.

While the Corporation is cooling towards breakfast television it is keen on direct satellite broadcasting which may be introduced in the mid 80s.

Sir Ian confirmed that the corporation wants to operate two services from satellites. One would consist of repeats of the best of the BBCs two earth-bound channels and the other a fee paying service available to subscribers who would pay for the necessary decoders.

The second service might according to Sir Ian, produce tens of millions of pounds. "It could help to ease the burden on the licence fee."

Older boarders quit public schools as fees rise

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

INDEPENDENT BOARDING schools in the UK suffered a loss of 13- to 16-year-old pupils in the past year according to a survey of more than 1,000 of the 2,500 private schools, published yesterday by the Independent Schools Information Service.

This loss in the secondary schools, however, was outweighed by an increase in younger children attending private preparatory schools. As well as gaining day-pupils these recorded their first increase in boarders for at least 10 years.

The main reason for the decline in senior boarders was that boarding fees rose about 25 per cent in the 12-month period.

Average annual fees for boarders rose at better-known boys' schools to £3,424 and at less well-known establishments to £3,102. At major girls' schools they rose to £2,681.

The average annual rise in day-pupils' fees were 19 per cent, to an average £1,423, at larger schools for boys, and 18 per cent, to £1,220, at those for girls.

In preparatory schools average annual boarding fees increased 23 per cent, to an average £2,185, and day fees 16 per cent, to £1,012. The Treasury's estimate of inflation in the survey period is 15.1 per cent.

The loss of pupils aged mainly between 13 years and 16 years by major institutions is relatively small. It is less than 1 per cent in those catering largely for boys and 1.2 per cent in the girls' schools.

Nevertheless Mr John Thorn, head of Winchester College, said in London that the fee increases even at his and other famous public schools were straining more and more pupils' families, especially those affected by executive redundancies.

Where possible, schools would use endowment income to help prevent a child's education being interrupted in mid-career.

Before parents were offered help, however, they were asked to declare the value of their house and other capital assets. Where appropriate they were asked to contribute to the cost of schooling by taking out a second mortgage.

"We are less generous than the Government in this respect," Mr Thorn said. Almost a third of Winchester's 600 pupils were subsidised.

Mr Jim Hornby, of the Incorporated Association of Preparatory Schools, said in both the junior sector and secondary schools there had been an increase in the number of pupils' families where both the father and mother had jobs. Reliance on contributions from grandparents was declining.

The rise of 3 per cent to 4 per cent in the number of pupils at the preparatory schools, he supposed, was a reflection of social changes, including the rising divorce rate.

Nissan to proceed with investment study

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

NISSAN MOTOR COMPANY has not suspended its feasibility study on investing in the UK and has no plans to build a car plant in Belgium despite more opposition than expected from the British motor industry to its UK project.

This was stated yesterday after UK press reports that the company was on the verge of abandoning its plans for Britain and moving to Belgium.

Nissan's decision to conduct a feasibility study into building cars in Britain was revealed in January this year, but the company says it needs at least another month to conduct the study (which mainly concerns the availability of components, and labour relations in the UK).

The feasibility study was not intended to cover UK industry reactions to the Nissan plan so it is unaffected by reports of "negative" reactions from the UK motor industry.

After the completion of the feasibility study Nissan may take a month or so to decide whether or not to go ahead with the British project—perhaps reaching a final decision by late September.

In this final phase "political" factors such as British industry reactions (and the rumoured opposition of Nissan's own company union to the plan) could be considered.

Nissan is emphatic that whatever the final outcome of the decision on investing in Britain, the company has not made any study of investing in Belgium. A Belgian Government investment promotion mission which visited Tokyo in May did not call at Nissan, the company said yesterday.

A decision by Nissan to drop its British product and go to Belgium would be a major setback for the British policy of actively promoting Japanese investment in Britain as a means of offsetting the effects of the UK's increasingly unbalanced bilateral trade relationship with Japan.

The Nissan project is expected to be worth between £200m and £300m and could provide or protect as many as 35,000 jobs (including those at components suppliers), the Japanese claim.

National Trust properties visited by fewer people

BY LISA WOOD

THE National Trust's income from paying visitors to its houses and gardens may fall about 15 per cent to about £2m this year because of a drop in the number of visitors.

About 140,000 fewer people visited trust properties in the three months to June 1, compared with the corresponding period last year when 1,572,000 visitors were recorded.

The greatest fall in numbers, however, was among paying visitors, about 20 per cent fewer than last year. The number of member visitors fell about 9 per cent.

The trust said yesterday the possible loss of about £400,000 this year in revenue from paying visitors should be put into the perspective of the trust's estimated income of £25m from all sources this year.

It said the trust was doing the best it could in a generally tight economic situation and that it was not on the edge of disaster.

The loss in revenue from paying visitors could mean delay in repairs to properties. It is however unlikely to affect the purchase of properties by the trust because this is done with money given for this purpose.

Ministers set to clash on Belvoir

MR MICHAEL HESELTINE, Environment Secretary, and Mr David Howell, Energy Secretary, seem set to clash over proposals for a £650m coal mining development in the scenic Vale of Belvoir.

A report by the Government Inspector who presided over a public inquiry into the project last autumn has been sent to the Department of the Environment. It may have come out against the Belvoir development.

The report is believed to say that the potential benefit to Britain's energy supply/demand balance would be outweighed by the damage to the environment that the Belvoir project would cause. And Mr. Heseltine is reported to have drawn up a paper for Cabinet discussion opposing the scheme.

But the Department of Energy is backing the Belvoir plan. Its evidence to the inquiry stated that UK coal output could fall from around 109m tonnes last year to fewer than 80m tonnes a year by the end of the century unless there was "early investment" in new coal mining capacity.

The department believes coal could account for half Britain's primary energy requirements by the 1990s—as opposed to the 33 per cent it supplies at present. It thinks the change-over will come largely as a result of a decline in the use of oil.

£8m plan dropped

PEUGEOT'S UK subsidiary has scrapped plans for an £8m new spare parts warehouse in Peterborough where at least 100 new jobs would have been created. The project has been abandoned following a merger of the Peugeot operations with those of Talbot.

Hydro-venture

THE CENTRAL Electricity Generating Board has given the go-ahead for the building of a joint venture £5.6m hydro-electric power station on the Kielder reservoir in Northumbria. The other partner is the Northumbrian Water Authority.

North Sea hopes

THE FIRST signs that there may have been a sound commercial oil discovery on block 16/21A in the North Sea came yesterday with the announcement that Davy McKee has been awarded a contract to do an engineering feasibility study on the area.

Privy Council plea

MR RICHARD TARLING, former chief of Haw Par in the Far East, will petition the Privy Council in London on July 2 for special leave to appeal against his conviction in 1980 of violating company law in Singapore. He was extradited from Britain to Singapore in 1980 after a two-year legal battle

Copyright claim

BRITISH LEYLAND yesterday claimed an injunction and damages in the High Court against components manufacturers Armstrong Patents Company for alleged infringement of the copyright in design drawings for BL exhaust systems. Armstrong denied infringement and contended that BL was abusing its dominant market position. The case continues.

GLC evidence

THE GREATER London Council plans to submit fresh evidence against proposals for a 2m sq ft office redevelopment on the 29-acre Hays Wharf site in Southwark. It says it is gravely concerned over what it describes as massive speculative office development in an area of acute housing stress and high unemployment.

Stable prices

HOUSE PRICES in England and Wales are remaining steady, according to the latest survey by the Royal Institution of Chartered Surveyors for the quarter ending in May. Estate agents taking part said that in nearly 70 per cent of transations there was no movement in prices.

PHILATELY

Stamp dealers confident despite 50% fall in market value

BY GARETH GRIFFITHS

THERE HAS been a flurry of stamp dealing circles. The activity this week in British world's largest permanent site for stamp dealers opens today in Covent Garden, London, and a new fortnightly newspaper, Stamp and Postal History News, was launched yesterday by the British Philatelic Federation.

These marks of confidence in the market come at a time when British stamps have fallen 50 per cent in value from their peak in 1979-80. Most dealers say the market is "very soft." However, sales are likely to be boosted by the forthcoming Royal wedding.

The opening of the London International Stamp Centre — with its facilities for 20 shop units, several offices and an auction room — reflects the long-term confidence of the dealers, who are taking 10-year leases. It is a faith based on the knowledge that there are an estimated 2m stamp collectors in the UK, although the number of serious collectors buying on a large-scale for investment is only between 5,000 and 10,000.

The average serious stamp collector is male and prepared to spend at least £1,000 a year on building a specialised collection.

Most stamp collectors, by contrast, are what is known in the trade as "hoarders." They will often buy new issues but tend to steer clear of the specialised market.

The world of stamp dealers is also divided. The top dealers, clustered around the Strand and Covent Garden, are a closely-knit group. But there are no barriers to entry, examination requirements, apprenticeships or bonding arrangements. Most dealers are not limited companies. Their various associations have little or no disciplinary power.

Stamp dealers divide into four groups. The first is the stamp dealing giant, Stanley Gibbons International, owned by Letraset, which has been going through difficulties, but still has a legendary reputation in the trade.

Gibbons publishes more than 20 stamp catalogues which are regarded for British and Commonwealth stamps as being the world guide. Other countries have similar catalogues: Scott for the U.S., Bollafi for Italy, Zumsteing for Switzerland.

The second category is made up of the large stamp dealers such as Harmers and Robson Lowe. The third category, which predominates in the International Stamp Centre, comprises the full-time independent traders operating either from small shops or permanent stalls. There are an estimated 800 of them in the UK. Their number is slowly growing.

The fourth category is the "kitchen table dealers"—part-time dealers who are usually avid collectors seeking to make a living from their hobby. Although only some 25 per cent of the 1,000 or so such traders in business at any one time survive for longer than five years, these are the people who renew the ranks of the full-time professionals and from whom most of the stamp dealers of the future are recruited.

Mr Leo Martini-Brown, a dealer from the City of London, has been running a part-time stamp business for two years, specialising in Commonwealth stamps. He is also a management consultant. He hopes to go full-time in the next year or so and has persuaded his bank to back the project with a three-year loan.

Most of his work is done in auctions where lots are sold at up to 300 an hour necessitating a cool head. The Gibbons catalogue acts as a guide to prices but, as the information is usually out of date, the auction price relies on supply and demand, with few auctioneers setting reserve prices.

Mr. Martini-Brown says nearly all his work is done buying from dealers at auctions and then reselling to other dealers. Like most dealers, he is very mobile.

This system can be very lucrative. In March, Mr. Martini-Brown bought for £92 a collection of old Commonwealth envelopes with stamps, valued at the auction at £66. He also had to pay £20 for a stock book and spent some 20 hours cataloguing the stamps and sorting them. Last month, he sold the collection for £650 at a London auction house.

But such deals happen only a couple of times a year in a part-time business. Fairs are the other venue for the Martini-Brown stamp business. He travels around the country and usually pays about £15 a day to rent a six or eight feet sales table in a provincial hotel.

"A good display and a pleasing knowledgeable personality help to sell products. Pushy people are not liked. I always give value for money to customers because I want them to remain collectors," he says.

Margins on stamps can vary. They tend to be lowest for the day-to-day general stamps such as new issues, which are collected by tens of thousands of people; these run at about 20 per cent. Mr Martini-Brown estimates that margins on his specialised Commonwealth stamps are between 50 and 100 per cent.

Mr Ken Lake of Lake and Brooks, one of the traders at the London International Stamp Centre, represents a different type of trader. Originally a civil servant, he entered stamp trading via the stamp magazine world and as public relations officer for Stanley Gibbons.

He has established himself as one of the leading pundits on trends in stamp values and also as the country's joint expert on stamps from Nauru, a Pacific island. The other expert, Mr Keith De Vere Buckingham, runs a stamp shop in Newbury, Berks with correspondents all over the world.

Both Mr Lake and Mr Martini-Brown are optimistic about the stamp trade in the long-term.

Inter-City to be split on basis of profitability

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT is to split up British Rail's Inter-City passenger-train services into profitable and unprofitable routes. This move will require the Government to increase the level of grants available for all loss-making "social" railway services.

No decisions have been made with British Rail about how the Inter-City network should be split. The first hint that action would be taken came on Monday in the Government statement linking rail electrification with BR productivity progress.

Mr Norman Fowler, the Transport Secretary, told MPs: "services comprising the majority of Inter-City business should be able to support new investment and win traffic on a commercial basis."

This was the first time the Government had stated that only a majority of Inter-City business would be expected to operate commercially.

Inter-City train services accounted for 48.3 per cent of passenger receipts of £955.5m last year. The rest of the income came from BR's loss-making rural and commuter train services.

These "social" railway services were supported by grants from the Government and passenger-transport authorities totalling £633.7m. This year the total grants for these services will be £678m at 1981 prices.

BR favours redefining the boundary between Inter-City and the "social" railway. Some of BR's Inter-City routes are "very unprofitable," BR said in its rail policy document published in March.

"By their very nature some of these routes will never cover their costs," BR said. "We will want to consider a reallocation of services between Inter-City and the 'social' railway."

The Government in its statement on Monday called on BR to take "immediate steps to match the capacity on Inter-City train services closer to profitable demand."

This will inevitably mean cuts in Inter-City services. Those Inter-City services which operate at a loss, mainly little-used branch lines, would have to close completely if the Government insisted that they, too, had to be profitable.

For this reason these services will be regrouped under the protective umbrella of the "public service obligation grant," the aid given by the Government for the "social" railway.

Ethics warning on insider deals

BY CHRISTINE MOIR

PROFESSIONALS in the securities industry who breach the City's unwritten understanding of "insider dealing" must not expect to hide behind the strict provisions of recent legislation, the Council for the Securities Industry warned yesterday.

The council, set up by the Governor of the Bank of England as the City's watchdog, said it will punish "flagrant misconduct" where deals are seen to be based on confidential information, even if the transactions fall technically outside the statutory provisions.

Legislation involving criminal offences has to be narrowly-defined, but an ethical code cad be broader, the council said in its annual report.

"Those professionally involved within the securities industry have to accept that their conduct should be governed by standards which are expressed more widely than those imposed by statute."

In order to impress the self-regulatory standards on professionals, the council yesterday published in conjunction with its report a special "Statement on Insider Dealing," which lists the relevant codes already produced by itself and bodies such as the Stock Exchange and the Takeover Panel.

The statement outlines broadly what the City regards as "insider dealing," which goes further than the narrow legal definitions of specific price-sensitive information.

The report, which reveals that the council is in surplus after a small deficit last year, covers a number of other issues with which it is dealing.

The thorny question of non-voting shares has led to a report which recommends that companies still should be permitted to issue non-voting shares.

Companies will have to flag such shares clearly, however, and new issues should not increase substantially the number of non-voting shares proportionate to voting shares.

Statement on Insider Dealing. CSI No 5. Available free from the CSI, 20th Floor, The Stock Exchange, London EC2N 1HH.

Waste water helps tomato production

BY MAURICE SAMUELSON

WASTE HOT WATER from a Yorkshire power station is halving the energy costs of growing tomatoes at Britain's biggest and newest glasshouse complex.

The 20 acres of glasshouses at Camblesforth, officially opened yesterday, stand in the shadow of the cooling towers of the Drax coal-fired power station.

About 2,200 tonnes of tomatoes will be produced this year. They are said to be of good quality and are starting to go on sale throughout the country.

The £3m site, developed jointly by the Central Electricity Generating Board and Express Dairies, is heated by 20m gallons of hot water a day from the 2,000 MW power station.

There are plans to quadruple the growing area over the next few years, making it one of the biggest in the world.

Mr Tony Good, chairman of Exel Produce, a company jointly owned by Express Dairies and the generating board, said the use of the reject heat from the power station was saving nearly 1m gallons of fuel oil a year and halving the cost of commercial production.

When fully developed the site would save 4m gallons of fuel oil and £5m from the reduction in imports of tomatoes. The complex would also provide 400 new jobs.

However, Mr Good criticised the lack of support from the British Government for such schemes, at a time when "subsidised competition" from overseas was threatening the existence of British glasshouse crop growers.

"Illegal" fuel subsidies gave Dutch producers a £10,000 an acre advantage over British growers and the French Government had pumped £2.3bn into alternative heating systems. "What have we received from our own Government? £15,000 or 0.5 per cent of the cost."

The hot water from the power station is piped off before reaching the cooling towers and passed through heat exchangers which circulate warm air in the glasshouses.

Though the fans which assist the heat exchangers are expensive to run, final fuel costs are still half those of conventional growing methods.

The Drax glasshouses also use no silage. Instead, the tomato plants' roots are bathed in a nutrient solution, the supply of which is controlled by computers

Councils still employ over 2m after cuts

By Robin Pauley

LOCAL GOVERNMENT in England and Wales still employs more than 2m people after nearly two years of Government attempts to force councils to cut staff.

The rate of reduction in each quarter is falling rather than accelerating.

The Joint Manpower Watch figures for March, published yesterday by the Environment Department, show the total employed to be 2,046,711 on a full-time equivalent basis, a decrease of 41,031 or 2 per cent compared with March 1980. The decrease in the quarter between December 1980 and March 1981 was 0.3 per cent.

Manpower represents 70 per cent of local authority revenue spending. It is regarded as the key to reductions in council spending.

Mr Michael Heseltine, Environment Secretary, has been disappointed every quarter by the slow movement downwards in manpower. It showed that his attempts to force job cuts were failing. He has tried to present the figures as a success story but the quarterly figures do not bear this out.

In the main, general services group manpower fell by only 0.4 per cent in December to March compared with 0.5 per cent in the previous quarter and 0.8 per cent in each of the two quarters before that—when Mr Heseltine regarded the cuts as wholly inadequate.

Of the 1,865,447 employed in general services in March 561,259 were teachers and lecturers with a further 397,863 in other education posts. This represents a cut of 11,512 (two per cent) in teachers and 25,824 (6.1 per cent) in other education jobs over March 1980.

The number employed in construction was down 5,762 or 4.4 per cent to 125,983. There was 210,341 social services employees, an increase of 2,393 (1.2 per cent) on the year. The only other general service sector which registered an increase was housing—up 1,198 or 2.4 per cent to 51,893.

Law and order staff continued to increase in line with Government policy, rising by 6,215 or 3.6 per cent to 180,791. Within this total there was a big fall in the number of police cadets.

Councils which did not provide figures for the March return were Castle Morpeth, Chichester, Cotswold, Halton, Harlow, Hereford, Malvern Hills, Norwich, Peterborough, Slough, Three Rivers, Weymouth and Portland, Wimbourne, Wyre Forest, Merseyside, Calderdale, Coventry, Kirklees, Waltham Forest, Greenwich, Hammersmith, Southwark, and Rhymney Valley.

Loans of £700,000 for small companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BANK LOANS totalling £700,000 have been approved for 17 small businesses by the Department of Industry under the Government's new loans guarantee scheme.

They vary in size from £9,000 to the scheme's maximum of £75,000, and have been granted to a variety of businesses ranging from computer software companies to a furniture manufacturers.

A further 40 applications are being considered by the department. They include a £75,000 loan for a new abattoir in mid-Wales and £12,000 for a second hand car business in Darlington.

Barclays Bank has obtained the largest number of approvals so far—10—followed by the Industrial and Commercial Finance Corporation (ICFC) which has secured five approvals.

The scheme was introduced as a three-year experiment by the Industry Department at the beginning of this month with the main London and Scottish clearing banks and the ICFC. Northern Irish banks will be joining soon, and are expected to be followed later by other institutions including the Co-operative and the Yorkshire Banks.

The aim of the experiment is to see whether banks are too restrictive and unimaginative when dealing with small businessmen who are unable or unwilling to provide personal guarantees as security, who have no track record, or are engaged in very high risk ventures.

The Government guarantees 80 per cent of each loan. The bank involved provides all the funds and guarantees the remaining 20 per cent. The Government is charging 3 per cent to cover the risk of its guarantee which has meant that total interest rates being charged vary among the banks from 16.4 per cent to 19.4 per cent.

Barclays, which is charging 16.9 per cent, has sent a total of 22 proposals to the Industry Department for loans totalling £1m in the past four weeks.

If that rate of application were to continue and spread across all the banks involved, without many proposals being rejected, a total of £50m which the Government has said should be lent in any one year could soon be used up. The Government would then have to decide whether to allow the figure to increase.

The businesses approved for Barclays loans include £75,000 provided to a manufacturer of medical equipment with 14 employees as part of a much larger financial package.

Loans of £16,000, £50,000 and £75,000 have been provided for software companies. Other businesses helped include manufacturers of decorative lighting, kitchen equipment and photographic equipment.

Several businesses are new customers for Barclays, having not had a bank account before. Some are taking advantage of a provision which allows them to delay making repayments on the loans for up to two years.

In each case, the bank involved must satisfy the Industry Department that the loans would not have been provided by the local bank manager without the extra security provided by the Government guarantee.

J. K. Lasers in £500,000 preference share issue

By Hazel Duffy, Industrial Correspondent

INSTITUTIONAL FUNDING of a small high-technology company was agreed in London yesterday with the completion of a £500,000 private financing arrangement for J. K. Lasers, which designs and manufactures solid state lasers.

The convertible preference share issue has been arranged by stockbrokers Laurence, Prust and Co., and is spread between four institutional investors: Murray Technology Investments, Prudential Assurance, Technology Investment Trust and Framlington International Growth Fund.

Laurence, Prust will hold some shares for private clients. The spread of investors has been chosen with a view to bringing the company to the stock market within the next five years.

J. K. Lasers expects to treble its current £2.4m turnover by 1985 as a result of the growing number of industrial applications for laser technology.

It claims to have 70 per cent of the UK market for industrial lasers and a strong position in the European market.

The company was founded in 1972 by Dr Jim Wright and Mr Ron Burbeck, who will continue to hold a substantial majority of the shares even after conversion of the preference shares issued yesterday.

Initially, the company designed and manufactured lasers mainly for university and Government research bodies. The use of lasers for welding, cutting and drilling, particularly metals, led to new applications in the aerospace industry. Lasers are now increasingly used for more mundane purposes, such as welding the elements in electric toasters.

Laurence Prust's connections with the company began in 1973, when Mr Philip Darwin, a senior partner, arranged a seminar on lasers at the Royal Institution.

The stockbrokers have interested themselves in other high-technology projects, and recently arranged the private financing element for Celltech, the bio-technology venture set up by the National Enterprise Board.

Dr Wight said yesterday that the new finance will help the company devote more funds to its research and development interests while expecting a growing level of demand over the next few years.

"We have a number of new products that we are only just starting to push in the U.S., for instance," he said. He believes that the great advantage of laser technology is that it is "very easy to automate laser processing."

Primitive craft fetches £978,115 at Sotheby's

SALEROOM

BY MICHAEL THOMPSON-NOEL

AN HAWAIIAN wood figure, 16¼ inches high and regarded as the best-preserved and most finely sculptured o fits type, fetched top price of £200,000 in a sale of important primitive works of art at Sotheby's yesterday.

The figure is of an acrobat with a wide, grimacing mouth, and was collected by Capt. William Trotter during a voyage to Hawaii in the late 18th century. It was bought privately.

The sale totalled £978,115, with a bought-in total of 26 per cent.

Second-highest price was the £180,000 paid by a New York dealer for an early 16th Century Benin bronze head of an Oba, one of only eight known examples. Another New York dealer gave £38,000 for a Kongo wood nail fetish from the Lower Congo.

Sotheby's opening-day sale of the contents of Somerhill, Tonbridge, Kent, realised £317,231, almost as much as expected for the two days together. Top price was £30,000, paid privately, for a mahogany pedestal dining table, circa 1775.

A total of £197,723 was paid at Sotheby's sale of fine Chinese export porcelain. At Sotheby's Belgravia a sale of Victorian paintings, drawings and water-colours, attracted £298,613.

At Christie's fine objects of vertu and Continental and English miniatures drew £177,590, including £7,500 for a vari-coloured snuff box.

The same firm's sale of late 18th and 19th Century Continental drawings realised £77,087.

William Hall looks at efforts to wean employees from the wage packet

Workers change slowly to cashless pay

EVERY YEAR about 400,000 employees in Britain switch from being paid in cash to other forms of payment. But Britain lags far behind other industrialised countries with more than 50 per cent of its workers being paid in cash, compared with only 5 per cent in West Germany and 1 per cent in the U.S.

At the present rate Britain will not catch up with these countries until the end of the century. Last week, the Government's Central Policy Review Staff published a report on "Cashless Pay" which recommended that the trend should be accelerated, and yesterday the High Street banks "Payment of Wages Working Group" held a seminar in London which examined the snags along the road to cashless pay.

The main conclusion of the seminar, attended by more than 80 bankers, industrialists and trade union officials, was that experience in persuading the country's manual workforce away from being paid weekly in cash, varied widely.

British Steel Corporation, has successfully converted the manual workers in its Welsh division to cashless pay—only 10 per cent of its manual workers are now paid in cash; Ductile Steels, a medium-sized company, has been less successful.

There is no obvious regional or economic bias in the successes or failures. Some of the best-paid manual grades are the most resistant to cashless pay.

Mr David Basnett, general secretary of the General and Municipal Workers Union, said unions were generally in favour of the move to cashless pay but stressed that they were concerned about the availability of cash and the secrecy arguments. He emphasised that the unions always wanted to maintain the right to revert to cash payments.

Most of the companies represented said the benefits of the move away from cash, such as the reduction in security costs and the number of salary clerks, were only reaped when the bulk of the workforce was converted to cashless pay.

A number of companies found themselves worse off. They had to maintain two payment systems as the majority of the workers insisted on being paid in cash.

Several companies noted that the employees' legal right to insist on reverting to weekly cash payments at a month's notice posed a problem as it meant they might have to reintroduce a wages department virtually overnight.

It was suggested that the Truck Acts, which affect methods of payment, could be amended to allow six months notice rather than one month.

Most companies reported that employees had to be given a financial incentive to convert to cashless pay, such as an interest free loan. Free bank charges for the first year were also an inducement. However, uncertainty over future levels of bank charges and Barclay's decision to introduce a 50p charge for cashing non-customer cheques, were making it more difficult to convince manual workers of the benefits.

Several companies argued that the banks should bear more of the financial burden of converting the workforce to the "banking habit."

Mr Brian Pearse of Barclays Bank said weekly credit transfers in place of weekly cash payments were "tremendous loss leaders." The banks preferred monthly credit transfers.

Mr Pearse said provision of banking facilities in factories was a very expensive operation. Barclays had once been asked to look at the possibility of opening at British Leyland's Longbridge plant and had concluded that eight branches and 160 staff would be needed to service the area.

Views about the possible amendment or repeal of the Truck Acts, which give manual workers the right to insist on cash payments, varied. Mr Basnett opposed any move to phase out the Acts but the CBI argued that they were an inhibiting factor in the move to cashless pay and wanted them abolished.

Pay unit 'needed' in Civil Service

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT "sooner or later" will have to re-establish the suspended comparability-based Pay Research Unit to help determine pay in the Civil Service, according to a report from the unit's steering board.

Publication of the annual report of the Pay Research Unit Board is not expected until next week. It seems likely that the board may take the opportunity provided by its publication to voice doubts raised in its ranks by the Government's handling of Civil Service pay.

The report's comment that "whatever new system might be established, sooner or later a body like the unit would have to be reformed" echoes the remarks of the Clegg comparability commission when its abolition was announced by the Prime Minister.

The board, which meets today, is expected to be wound up in line with the scaling-down of the unit itself.

Meanwhile, the Council of Civil Service Unions' major policy committee, representing the nine unions involved in the 15-week-old pay dispute, warned yesterday that it has plans to escalate its programme of selective strikes.

*The unions' action hit trans*atlantic and Scottish airline flights yesterday and throughout the night. Flights at London's Heathrow airport are likely to be disrupted by air traffic control action today from 2.30 pm.

The National Federation of Self Employed and Small Businesses yesterday reported that action by civil servants at the VAT computer centre at *Southend was "hitting the small* business sector hard." It said the unions ought to be made responsible for the interest due to those VAT traders who had gone into debt because of the strike.

The Department of Transport *has urged motorists to apply to* post offices for vehicle licences, as the issue of reminder notes has been delayed by action at the Driver and Vehicle Licensing Centre at Swansea.

Construction industry set to raise wage offer

CONSTRUCTION employers are expected to improve their pay offer next week in an effort to avert industrial action on *building and civil* engineering sites.

A meeting of the National Joint Negotiating Board has been arranged for July 2, following rejection by the unions of the offer. It would give a 6.2 per cent increase on minimum earnings from the end of this month and a 39-hour week from November.

Three of the four construction unions originally rejected the offer with the biggest—the Union of Construction, Allied Trades and Technicians—accepting. But Ucatt now says its wants a better offer.

In the last set of negotiations, the Transport and General Workers Union indicated that an offer of about 8 or 8.5 per cent in *minimum earnings* would secure agreement.

The TGWU, along with the General and Municipal Workers Union and the Furniture, Timber and Allied Trades Union, have selected a number of construction projects which would be targets for selective stoppages.

Transport union hits Foot's unity plans

Christian Tyler, Labour Editor, looks at trade union attitudes to Labour Party policy on prices and incomes.

MR MICHAEL FOOT, Leader *of the Opposition, faces* an uphill task in uniting the Labour movement round economic policies for the next General Election.

The country's biggest trade union voted *yesterday by an* overwhelming majority against any kind of deal with a future Labour Government on prices and incomes, thereby undermining the party's attempts to *work out a counter-inflation* strategy with the unions for its election manifesto.

The decision by the Transport and General Workers' Union at its biennial conference in Brighton *reinforced* the union's vote four years ago to ditch all vestiges of the last social contract inflicting in the process the biggest policy defeat for Mr Jack Jones, its then general secretary. Mr Jones the architect of the social contract, was in the balcony yesterday to watch the debate.

Only two hours before Mr Foot addressed the 1,000 delegates and was given a standing ovation for another rousing speech on nuclear disarmament. It was an appropriate choice of theme by the old CND campaigner for the TGWU delegates who are once again committed to unilateral disarmament.

Mr Foot did not try in his speech explicitly to swing the union in favour of what is being *called a "progressive" incomes* policy. But it was implicit in his call for unity and that the union should support the work being done on the manifesto.

He was also referring obliquely to the contest for the deputy leadership. But he made no comment this time on the candidature of Mr Tony Benn, or on the activities of the Left-wingers who support him.

He merely said that anything that got in the way of Labour's bid for a big majority in Parliament would be "a betrayal of this movement."

The subsequent vote did nothing to help the process of unification, and the union is likely eventually to support Mr Benn against Mr Denis Healey *for the deputy leadership.*

The delegates voted by about *ten to one against a* motion from a London region branch that it was imperative for TUC and Labour Party to agree on a prices, incomes and tax policy that would guarantee a national minimum wage income protection for pensioners, the sick and the unemployed; price stability; and a more progressive tax *system.*

By an even bigger majority they supported a composite *motion reaffirming* "free, unfettered collective bargaining" incomes policy, and condemning *any use of cash limits or guide*lines, formal or informal, in the public or private sectors.

Those who argued that the defeated motion was not in conflict with the union's policy, and indeed was progress toward socialist economic management, were given short shrift.

Mr Alex Kitson, acting general secretary, summarised the arguments against them by saying *on behalf* of the union executive that the lessons of the breakdown of the last social contract had to be learned.

Incomes policy supporters were using the wrong arguments to the wrong *question about* what would solve Britain's economic problems.

Even the argument that an in*comes policy was needed for the* sake of social justice was misplaced, Mr Kitson said.

There could be no wages justice while rich industrialists were able to pick up huge *salaries and generous perks.*

The flavour of the debate was that even the next Labour Government was unlikely to effect the kind of socialist transformation of the economy that would make incomes planning acceptable to wage-earners.

The conference rejected, on the executive's advice, a motion for a statutory national minimum wage. This would have committed the union to a national minimum of 80 per cent of national average earnings level.

TUC reshapes Labour policy, Page 21

Public takeovers without compensation urged

BY NICK GARNETT, LABOUR STAFF

THE Transport and General Workers Union yesterday called on the next Labour Government *to take into public ownership* without compensation any assets sold to the private sector since the Transport Act, 1980.

The union's biennial conference opposed the decision to phase out by 1983 the Bus Replacement Grant. It decided to seek greater financial aid for public transport.

It also called on the Labour Party to prepare to implement a comprehensive scheme for an *"equitable" fare structure by* subsidising public transport.

A separate motion demanded *re-establishment of a public*-sector road-transport undertaking. The union's leadership is supporting the National Freight Corporation management's plans to buy the concern, with each of its 28,000 staff entitled to buy shares. They see this as the best alternative if the corporation is to *be sold off.*

Mr Bill Morris, national secretary for passenger transport, said urgent action was needed to prevent the destruction of public transport. He told the conference the union wanted a Government inquiry appointed into assaults on bus-workers. Some assaults by passengers arose from the increase in bus fares in some transport operations, he said.

The union insisted on the toughest possible penalties for those convicted of assaulting staff. The penalties should be as severe as those for assaulting police officers, Mr Morris said.

On July 16 the TUC will hold a one-day conference to discuss assaults on industrial workers

Closed-shop man wins damages

By Our Law Courts Correspondent

THE TRANSPORT and General Workers' Union agreed in the High Court yesterday to pay £3,000 damages to a worker who lost his job because of a closed shop agreement.

Mr Clinton Gayle was dismissed by John Wilkinson and Sons (Saltley) in June 1975, after the union, which had negotiated a closed shop in the company, alleged his union membership had lapsed.

Mr Gayle's claim that he had been wrongfully expelled from the union was denied.

Fleet Street print unions accept 10%

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE PRINT and maintenance unions on national newspapers have accepted a 10 per cent wage increase tied to a new disputes procedure—six months after the settlement day of January 1.

The last two unions to declare a ballot result—the distribution workers union, the Society of Graphical and Allied Trades, and the craft union the National Graphical Association—showed an acceptance of the offer by margins of up to ten to one.

The negotiations have been so protracted that union officials and the Newspaper Publishers' Association, which represents national newspaper managements, are arranging meetings on next year's wage round.

Up to half of the NPA membership had dropped out of the negotiations. Times Newspapers and Express Newspapers made separate deals, while the Guardian said it could not afford a wage rise above 8 per cent and is still negotiating. The Mirror Group has not been party to NPA wage negotiations for some years.

The unions want to ensure that the NPA speaks for most, if not all, Fleet Street papers in the next round. A number of union leaders have said that otherwise, further negotiations will be pointless.

The disputes procedure, which represents a substantial *toning-down on the NPA's* original proposals for a disciplinary code, is an attempt to cut the number of unofficial disputes. It specifies a lengthy chain of negotiations which *must be exhausted before in*dustrial action is begun.

Meanwhile, the dispute over differentials which lost the Sunday Times one-third of its print run over three weeks ago is to go to the Advisory, Conciliation and Arbitration Service, probably within the next week.

● A demonstration by Sogat members employed on a casual basis in Fleet Street early yesterday had little effect on newspapers' distribution. The workers were protesting over a drop in casual shifts.

Liverpool dock peace talks

BY PAULINE CLARK, LABOUR STAFF

HOPES FOR a solution to the Liverpool dockers' pay dispute rose yesterday when dockers' leaders and employers agreed to resume talks on Monday.

Deadlock was reached in negotiations more than a week *ago. There have been four one-*day strikes by dockers this month.

The 3,500 dockers demand a 13 per cent rise, £14. Employers have offered £12, comprising £8 on basic rates and £4 on bonus, emphasising that the offer is initial.

The main sticking point in the negotiations has been the employers' insistence that any rise be accompanied by agreement to accept changes in working practices

The dockers, with a *minimum* of £78.50 and average earnings of £117 a week, want no strings attached.

In particular they fear that *jobs will be lost as a result of* employers' proposals to reduce sizes of cargo-handling gangs.

Mersey Docks and Harbour Company, biggest employer in the port, said that employers were prepared to discuss safeguards on redundancies. Though it wants to cut the number of dockers in each gang to reduce absenteeism, it claims that employers hope to increase the number of gangs.

Call to back Dundee ship workers

SHIPBUILDING UNION leaders will be urged to call for industrial action throughout British Shipbuilders when they meet a delegation from the corporation's Robb Caledon yard in Dundee next week.

***The plea will be made at the* conference of the Confederation of Shipbuilding and Engineering Unions.**

The yard is due to close on September 18, with the loss of about 300 of its 430 workforce.

Members of the militant national shipbuilding shop stewards combine committee have called for an overtime ban

Action ballot

ABOUT 6,000 white collar workers in Passenger Transport Executives are being balloted on industrial action *after the breakdown of talks* over a 14 per cent pay claim, the National and Local Government Officers Association said yesterday.

Rescue hope for sit-in jeans plant

By Mark Meredith, Scottish Correspondent

THE 137 women workers occupying the Lee Jeans factory in Greenock, outside Glasgow, since February 5 have been given hope of a rescue plan.

Two jeans dealers have said *they are willing to place orders* totalling over 15,000 pairs of jeans a week if the women form a co-operative.

The Lee Jeans factory faced closure when the parent company, VF Corporation, moved to Northern Ireland. But the workers occupied the Greenock factory where they have maintained a 24-hour vigil.

Mrs Helen Monaghan, convenor of the workers' union, the *National Union of* Tailors and Garment Workers, said the two orders for jeans have come from Mr Nigel Wright, owner of the Dickie Dirts chain of jean shops, and from a Glasgow company, Clyde Knitwear.

According to one report the local regional council might be ready to offer a building for the co-operative factory.

Lucas sacking walkout

MR MIKE COOLEY, the prominent white-collar trade unionist who has ben sacked by his company, Lucas Aerospace, has been told he must leave the Willesden plant today.

The Lucas management has *said there is no further techni*cal work for him. He will be paid until August 10.

About 40 fellow members of the white-collar engineering union AUGW-Tass walked out of the plant yesterday.

Mr. Cooley said yesterday that the calle from his union, to its members in all Lucas plants to strike on Friday over his dismissal had received overwhelming support.

Lucas has said Mr Cooley ignored warnings that he was taking too much time off work to attend to union matters. Mr Cooley has denied the claims.

Defence spending 'may exceed limit'

BY IVOR OWEN

DEFENCE SPENDING is again in danger of overrunning the cash limit set by the Government and all companies producing arms and equipment for the three services are to be asked to ensure that they do not complete their contracts ahead of schedule.

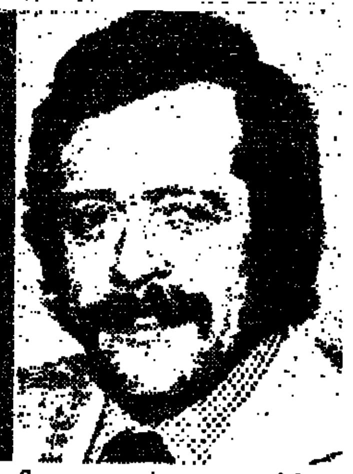
This development was revealed in the Commons last night by Mr Peter Blaker, in his first major speech in his new role as Minister of State for the Armed Forces with primary responsibility for procurement.

In a comparable situation last August, the Government imposed an across the board moratorium on the placing of new defence contracts and Mr John Nott, Defence Secretary, who is to make a major statement on the outcome of the defence review tomorrow, will be pressed to say whether similar action is in prospect.

Mr Blaker explained that the procurement budget was under pressure because lack of civilian orders—as a result of the recession—had led many companies to concentrate more of their resources on defence work which, as a consequence, was being completed at an unexpectedly rapid pace.

This in turn had led to the Ministry of Defence being required to make large payments far in advance of the time scale originally envisaged.

Blaker: procurement budget under pressure



Snape: warning on acquiring Trident

Mr Blaker admitted that last year's moratorium and the stringent disciplines which had followed it had not entirely overcome the cash problem facing the Ministry.

Forecasts for expenditure in 1981-82 had shown that "this unusually high rate of industrial progress" was still being maintained.

Faced with this growing evidence of cash flow difficulties similar to those experienced last summer, the Government was taking action to restrain expenditure and to maintain a close scrutiny over existing commitments and new stance.

Mr Blaker said the Government was looking to the companies to help overcome the problem by agreeing to limit the extent of their resources devoted to defence contracts and to adhere to a rate of progress which ensured that their completion accorded with a regulated pattern.

He appealed for the "full co-operation" of the industry.

Mr Blaker, who was speaking in a debate on the RAF, confirmed that the need for economy required the continuation of restrictions on flying activity.

He described this situation as "less than ideal" but stressed that RAF crews would still be flying more hours than the minimum standard set by Nato.

While there was still a shortage of pilots, Mr Blaker reaffirmed that the general level of recruitment and the numbers of personnel opting to prolong their engagements reflected the improvement in morale stimulated by the Government's fulfilment of its pledges on service pay.

Mr Peter Snape, an Opposition spokesman on defence, contended that the financial pressures of the RAF would be reduced by the cancellation of the Trident missile system.

Looking forward to the fulfilment of Mr Michael Foot's pledge that after the next election the Labour Government would cancel Trident, he said it would then cease to be a threat to Britain's other defence priorities.

Mr Snape warned that if Britain did acquire Trident it would not only be the service budgets which were adversely affected.

He urged the Government to pause and reflect whether Britain could really afford to stay in the nuclear arms race as well as providing the conventional forces which national interests and the commitment to Nato required.

Support for Navy plans to buy Sting Ray

BY DAVID FISHLOCK, SCIENCE EDITOR

STRONG SUPPORT for Navy plans to buy Sting Ray, the first "intelligent" torpedo, at a cost of £920m, comes from the Parliamentary Defence Select Committee.

The committee says Sting Ray will be in service several years ahead of the "only fully comparable torpedo"—the U.S. advanced lightweight torpedo (ALWT)—to combat the growing threat from quieter and deeper-diving Soviet submarines.

Its unanimous report is in marked contrast to the forthcoming report on Trident which is believed to split along party political lines.

It says Sting Ray's superiority argues in favour of the Ministry of Defence's decision to complete its development "even in face of its high cost."

Britain and the U.S. are discussing the possibility that Sting Ray's intelligence might be incorporated in the ALWT, in a collaboration that would leave the U.S. free to focus on higher speed and deeper diving capability.

The high development cost of Sting Ray was criticised by the Public Accounts Committee last summer. A report said the committee had not been convinced by the ministry's case. The committee favoured taking up a U.S. offer to uprate the present British lightweight torpedo, at an estimated cost of only £200m.

The accounts committee suggested that the Defence Select Committee should investigate the capabilities and cost-effectiveness of the two systems.

But the defence committee believes the comparison has to be made not with the uprated Mark 46 torpedo, but between Sting Ray and the AWLT. The uprated Mark 46, called Neartip —near-term improvement programme—although superficially attractive, "cannot represent a cost-effective purchase."

The defence committee says: "Its limited capability and lack of scope for mid-term improvement mean that it would be a most inefficient and expensive way of filling the interim period until the Government would be forced to adopt the American ALWT."

Sting Ray embodies new technology and has the potential for further development, says the committee. "It has a markedly improved homing system based on an advanced type of computer; its warhead embodies new technology which gives it an unquestionable kill capability against any known submarine and it can operate in shallow water."

The committee says it was pleased to hear that Marconi Space and Defence Systems (MSDS), a GEC company, appointed prime contractor in 1977, is two to three months ahead of its 1978 development cost plan, and expects to be about 5 per cent under the development cost estimate.

The £920m total development cost is made up of £250m for development, £500m for initial production, £60m for test equipment and tooling, and £110m

The Government expects to negotiate fixed-price contracts for subsequent production orders.

In the MPs' view, the ALWT would not be available until the late 1980s and was "likely to cost considerably more."

They expect the ministry to try to sell Sting Ray overseas

They acknowledge the importance to MSDS of the more recent development project for a new heavyweight torpedo, using some Sting Ray technology, notably its sensors and intelligence.

The Sting Ray Lightweight Torpedo. Third report from the Defence Committee. House of Commons Paper 218. HMSO. £4.40.

'Top people' boost for Healey campaign

By Margaret van Hattem, Lobby Staff

Mr Denis Healey's campaign to retain the deputy leadership of the Labour Party goes to the grass roots today, backed by 100 prominent party members including two former Prime Ministers, six members of the Shadow Cabinet and several trade union leaders.

An open letter to party members, signed by the 100, is being sent to MPs, constituency parties, trade unions and other affiliated bodies. Prominent signatories include include former Prime Ministers Sir Harold Wilson and Mr James Callaghan; Shadow Cabinet members Mr Roy Hattersley, Mr Eric Varley, Mr Gerald Kaufman, Mr Roy Mason, Mr John Smith, Mr Merlyn Rees; and union leaders including Sir John Boyd, Mr Tom Jackson, Mr Terry Duffy and Mr Bill Sirs.

The others, including MPs, Labour councillors and lower ranking union officials, appear to have been carefully selected to underline the breadth of Mr Healey's support within the party.

Consistent with his campaign to date, it seeks support not for him individually; but for the Healey-Foot leadership team stressing its ability to work with the party as a while and to attract national support.

"We regret that the movement should be divided by this unnecessary election contest," the letter says. "However as we are being forced to have an election it is vital that we secure maximum support for Michael and Denis who are working so well together for the good of the movement."

The letter urges the organisations to nominate Mr. Foot for leader and Mr. Healey for deputy and to select delegates to the party conference committed to voting for this team.

The letter continues: "The Foot-Healey team working with all sections of the party and the trade unions provides the right balance of new ideas and experience needed to create an effective socialist programme. We believe that only the existing Foot-Healey leadership, appealing to all sections of our movement, provide the unity we need if we are to win power and carry out a radical socialist programme.

"Only a Foot-Healey partnership can win the support of a majority of the British people. Only a Foot-Healey leadership can ensure that Labour policies are put into practice."

This last assertion is aimed directly at Mr Tony Benn, Mr Healey's main rival who is seeking support as the only candidate who can be trusted to implement party policy.

Back Benn, transport union urged

By Nick Garnett, Labour Staff

MR DENNIS SKINNER, Labour MP for Bolsover, appealed to Transport and General Workers' Union conference delegates yesterday to do all they could to ensure the election of Mr Tony Benn as deputy leader of the Labour Party.

Sections of the co-op movement organised the fringe meeting in Brighton to rally support for Mr Benn.

The union's leadership wants the issue to be decided by the TGWU executive later i nthe year after consulting union members.

But, there will be an attempt on Thursday, at the union's biennial conference, to try to force a conference vote on the leadership question.

Speaking to the same fringe meeting in Brighton with an audience of about 300, many of whom were not delegates, Mr Ian Mikardo, MP for Bethnal Green, said Mr Michael Foot, Labour leader, had got it wrong in appealing for party unity on the deputy leadership issue. The row was not weakening Labour's opposition to the government, Mr Mikardo said.

Fighting the government and making the Labour Party a more effective weapon to do that were not opposing themes.

Tony Benn had made his mistakes, but he was a man of "sincerity and integrity" and not the "unprincipled ogre" he had been made out to be by sections of the Press.

Mr Skinner said the Labour movement had to fight Conservatism "wherever it was to be found" and that, he indicated, included parts of the Labour Party.

He also accused some right-wingers in the party of manoeuvring to eject left wingers from the party's NEC.

Mr Sid Bidwell, MP for Southall, said Mr Denis Healey did not believe in the real policies of the movement. The left was not rocking the boat.

Thatcher refuses to endorse Prior's forecast on jobless

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER told the Commons yesterday that unemployment will continue to rise in the months ahead but refused to say whether she believed it will reach 3m by the end of this year or by early 1982.

Mr James Prior, Employment Secretary, in a radio interview earlier in the day, agreed that the 3m level could be reached by the turn of the year.

But Mrs Thatcher declined to endorse this assessment on the grounds that it has never been her practice to predict the number of jobless.

Her remarks came during exchanges with Mr Michael Foot, leader of the Opposition, following yesterday's publication of the latest figures showing that the total unemployed has now risen to 2.68m.

She emphasised that the main problem was the large number of school leavers coming on to the labour market and said that government youth employment schemes would be expanded if they proved to be insufficient.

There were Labour jeers when Mr John Butcher (C, Coventry Southwest) said that with the exception of Denmark, the UK has a higher proportion of its population in work than any other country in the EEC.

He argued that the British form of "work sharing" endorsed by the unions had led to low wages and productivity. The reversal of this trend would lead to greater wealth creation and a reduction in the number of long term unemployed.

Mrs Thatcher agreed with him and said it was necessary to get rid of overmanning if industry was to be competitive. Unfortunately this gave rise to unemployment in the early stages but it had to be done if we were to have any hope of expanding business in the long term.

Mr Foot asked if she agreed with Mr Prior's statement that the 3m figure was likely to be reached at the beginning of next year or even this year. He wondered whether the 3m figure had been discussed at last week's meeting of the Cabinet which had decided to continue with government policies which had caused the rise in unemployment.

Butcher: said the British form of "work sharing" led to low productivity

The Prime Minister told him that we were coming into a period when there was going to be large numbers of school leavers registered as unemployed. The structure of the population was such that there were far more young people leaving school than there were people retiring from work.

"Inevitably unemployment will rise in the coming months," she declared. "I cannot say to what figure it will rise."

She said that although the latest statistics showed a "deplorable increase," the underlying rise was very much lower than in recent months.

Mr Foot said that since the figure for youth unemployment was rising so drastically, the Government should put forward more schemes to help school leavers. Once again he asked her to say specifically whether she was confirming Mr Prior's statement about 3m out of work.

Firmly, the Prime Minister replied: "No sir, I am confirming what I said. It is not my habit to forecast the unemployment figures. There will be an inevitable increase for the reasons I have given."

She explained tha there was already an extensive programme for young people involving 440,000 places.

"This I hope will be enough. If not, we will increase it to guarantee school leavers some form of work experience by Christmas."

Williams 'would like to fight Croydon'

By Margaret van Hattem, Lobby Staff

MRS SHIRLEY WILLIAMS yesterday signalled that she would like to contest the Croydon North West by-election if the local Liberal Party were prepared to support her.

Local Liberals, however, indicated that while they were flattered that she was interested in the seat, they would prefer a Liberal candidate. But they did not rule out the possibility that they might in the end support her.

Mrs Williams told a London Press Club luncheon that she would like to fight the Croydon by-election if it were called in the autumn, but only if the local Liberals were prepared to support her. The alliance between the Liberals and the SDP was "more important than any by-election, because if that alliance does not hold, we can kiss good-by to any breakthrough at the next general election," she said.

Mr Alan Mead, chairman of the Croydon Northwest Liberal Association, said: "I suppose we are flattered that she should consider standing."

The choice of candidate was still under negotiation between the Liberals and the Social Democratic Party. "It may well be th at Mrs Williams will stand in this constituency, but it will not be a foregone conclusion," said Mr Mead. "I am sure the Liberals would like to contest the seat but that is not to say we will contest it regardless."

He said Mrs Williams' comments would be discussed at a meeting of the local party executive later last night.

Mr. Mead's faintly grudging comments have given rise to speculation that the Liberals in Croydon may be under pressure from their national organisers to step aside, although Liberals at Westminster holtly deny this.

Although the Liberals can count on SDP support for a Liberal candidate in Croydon—the price of Liberal support for Mr Roy Jenkins in the Warrington by-election—it is widely felt that Mrs Williams has more chance of winning the election than Mr William Pitt, the Liberal candidate who has fought the seat unsuccessfully for the Liberals three times, losing his deposit in the 1975 general election.

Plea over bid for William Collins

BY REG VAUGHAN

A CALL FOR News International's bid for William Collins to be referred to the Monopolies and Mergers Commission has been made by Mr John Smith, Opposition trade spokesman.

In a letter to Mr Gordon Borrie, Director General of the Office of Fair Trading, Mr Smith, Labour MP for Lanark North where the Collins publishing plant is located, says he has made it clear to Mr John Biffen, Trade Secretary, that "important questions of public interest are involved."

Mr Smith says not the least of these is "the possibility . . . that a Scottish company of great success and potential might in future be controlled from outside Scotland."

Referring to the build up of shares to around 10 per cent in Collins by Pergamon Press, Mr Smith says Mr Robert Maxwell's publishing group. Pergamon is "apparently seeking to purchase more from one of the trusts who hold a considerable amount of the shares."

If Pergamon were successful Mr Smith says the "scene would be set for a long period of uncertainty" in which both News International and Pergaman struggled to gain control of the company.

This would create "immense and perhaps crippling difficulties" for the successful running of the company. The advantages the company has "in a successful and dedicated management who have the overwhelming support of their employees . . . could easily be eroded if it becomes the battleground in a slow war of attrition between these rival bids."

News International controls around 31 per cent of Collins votes. The bid, which revealed a split in the Collins family, was made in a surprise move on May 13 after News International had acquired a 30 per cent voting stake in the company

In the formal offer from News International earlier this month Mr Rupert Murdoch, chairman, said if sufficient acceptances were not received for the offer to become unconditional the company could be content to be Collins largest shareholder. The offer closes on July 2.

TECHNOLOGY

EDITED BY ALAN CANE

Sight for the blind robots

PROFESSOR Igor Aleksander with the Brunel pattern recognition system. The equipment remembers many possible variations of a face (or any other variable image like a signature) fed to it from television screen "snaps." It will later use the data to recognise the face, regardless of posture, whenever presented with it.

RESEARCH AT Brunel University, Uxbridge, may before long give sight to today's blind robots and will soon allow compact "eyes" to be built that will recognise anything from a signature on a cheque to piece parts that have to be assembled in a factory.

If it were only ever necessary to recognise exactly the same shape, placed in front of a television camera in the same orientation then life for researchers such as those at Brunel would be simple.

Then, the sequence of pixels (the smallest individual picture elements) from each of the scanned television lines would simply be compared with those of the object already held in the machine's semiconductor store. *If they were not the same within prescribed limits, the object would be rejected.*

Signature

The real world is different. For example, there is considerable variation in an individual's signature and there are even people who, faced with writing a cheque for a particularly large sum, produce an angry or even a distressed version. The human eye and brain may allow for this, but a machine has much more trouble.

At Brunel a team under Professor Igor Aleksander is working on a method of teaching a machine all the likely variations of a signature or a face, so that it can recognise these very quickly but ignore anything else.

One clearing bank—it insists on not being named for the time being—has asked the team to develop a counter-top electronics box into which a cheque could be slid by the counter clerk to verify the signature on the spot.

The Brunel team expects to have it ready for production in about six months and a major UK electronics company will manufacture it.

One aim is to deter the specialist criminal who, having stolen a cheque book and bank card simply signs the name printed on the cheque in his normal handwriting, having also peeled off the white sig*nature strip on the card, stuck* on a new one, and signed that, too. The clerk paying cash at other than the customer's home branch needs an immediate means of checking the signature.

The Brunel eye can do this by first of all looking at a sufficient number of samples of the signature. The machine takes all the data from these samples and constructs a generalised model which embraces all the variation the genuine item is known to have.

Then, quite simply, if the machine sees something it has never seen before, it rejects it.

The beauty of the Brunel system, which is called Wisard, is that it can be applied to almost any image whereas many of the machines in use or under development are intended for a specific job or a narrow range of jobs.

One of the applications on hand is for a shoe-making concern. To get minimum waste of material many different shoe parts will be stamped at once from one piece.

They then need sorting and the problem is that some look very similar. In this case Wisard is shown the various shapes, each having very little variance (unlike the face or signature) and it can then distinguish one type from the other even if the types differ by rather small amounts.

Applications are therefore probably waiting for Wisard in *the sheet metal fabrication and* other sheet material-using industries.

The machine requires no previous, formal knowledge of any of the patterns it has to identify. It learns rather like the human and, according to Aleksander uses a process much more akin to the brain than most current image recognition systems.

It is called semi-parallel processing and, using about a million bits of storage (costing only £250 or so) it can deal with four images a second at its highest resolution of 512 x 512 pixels. Used in most automation systems, the recognition delay would be negligible.

Wisard uses a large number *of* RAM (random access memory) chips. It does not store patterns as such but "keys" which can be recognised by the unknown pattern later. During learning, the pixels are presented to the store as groups, one group to a chip. Thus, each chip holds a key and as various valid versions of the image are gathered, more keys are formed.

Faced with an image for recognition or rejection, if it happens to be one exactly as seen during learning all the chips will agree and will "pass" the image with complete assurance. Below such a level, the system can say with various degrees of certainty whether the image is good or bad, depending on the number of key agreements.

At any time of course, the keys can be changed. If, for example, in a "mug shot" security TV system, someone suddenly grows a beard, he would simply sit another learning session of about 50 shots (frozen TV frames).

This flexibility means that on a production line, the machine could be changed from sorting known to new and unknown production parts in a matter of minutes. Ultimately, a robot will be able to look at parts, learn them, and then always incorporate them in say, some assembly sequence.

The speed of the Brunel system arises from the parallel way in which digital data is dealt with. Conventional pattern recognition systems, claims Aleksander, tend to deal with all the pixels coming off the TV lines one after the other—so called "serial" processing.

Instantaneous

The equipment will then look *for a match by hunting through* large numbers of storage files. In the Brunel system there is much more simultaneous processing. An analogy is the task of calling at all the houses in a street using only one caller: one caller say, *for every four* houses reduces the time taken to a quarter and a caller for every house makes the job almost instantaneous.

Aleksander's team has just completed a first development *phase with £20,000 of Science* and Engineering Research Council money and a further £50,000 has just been granted to continue the work.

GEOFFREY CHARLISH

Data terminal for retailers

A PORTABLE data capture terminal, the M55E, costing £250 and capable of handling a wide range of data capture requirements, including the scanning of EAN barcodes, is available from UCSL Microsystems from whom more information can be obtained on *04427-71741.*

The terminal has especial relevance to the retail trade, particularly for reordering, stock control, inventory valuation and goods received.

The company suggests that the M55E, in addition to its traditional retailing applications, could be used by manufacturers and wholesalers to achieve more direct contact with customers.

Greater power

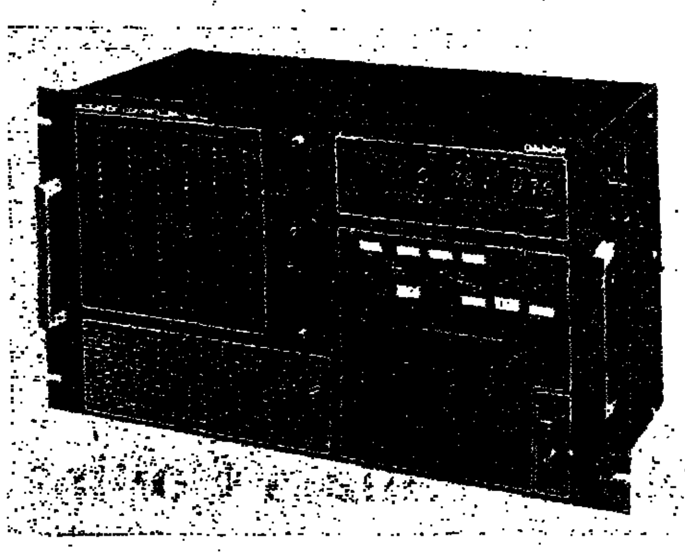
A HAND held gun claimed to be ideal for blasting swarf or sawdust from lathes, milling machines or drills, has been launched by Eric H. Bernfeld, 17a, The Broadway, Potters Bar, Herts. (0707 43619).

Bernfeld says that the gun has much greater power because of the new design of the nozzle in the gun's barrel. Air is forced through six 1.4mm orifices and directed spirally through the bore. A pressure imbalance occurs which sucks in further air so that from an input of $0.6m^3$/min at a pressure of $8kg/m^2$ a displacement of $3.8m^3$/min is achieved.

..POINTERS..

Automatic pipe-bend machine

ADDISON TOOL has introduced the Powerbend PB 63X fully automatic CNC pipe bending machine. The company says it is the first dedicated "empty" draw bender specifically for the automotive exhaust pipe manufacturer and the first British designed and manufactured machine of its type. Powerbend PB 63X uses a "bubble" microchip (MBM) to provide a non-volatile memory store for (typically) 300 to 900 five-bend programmes, with a rapid access recall. More on 01-993 1661.



Large capacity step controller

IMO Precision Controls has introduced this large capacity step and advanced controller with parallel processing and scanning features. The internal structure of the P7 central processing unit and memory permits parallel processing of up to three different processes simultaneously. The company's Systems Division—more information on 01-723 2231—says such a feature has not hitherto been possible with controllers of this style.

Print auto-conveyor feed

DEVELOPMENT of a new Touch-Print pad offset marking machine with automatic conveyor feed for the high production marking of large items such as boxes and crates is announced by PB and E Engineering of Slough. The company says that the machine brings a new dimension to the quality marking of a variety of surfaces, including irregular, sloping and corrugated ones. More from 75 36536.

Librarian

THE LIBRARIAN is the name given by Applied Data Research to the new version of its source program management system. Aimed specifically at the needs of on-line programming it results in improvements in programmer efficiency and program maintenance, the company states.

It is designed for users running IBM's TSO (Time Sharing Option), TSO plus SPF (System Productivity Facility) and for ADR's own on-line systems, Roscoe and Vollie. More on 0462-55353.

BASF

BASF COMPUTERS announces a further model in the 7100 series of stand-alone small business systems. The BASF 7130 has been introduced for use where high storage capacity is needed. In addition to the standard floppy disk drive for operating and control software, the 7130 can also be equipped with up to two mini fixed disk drives providing a maximum of 10 MB of external storage capacity. More on 01-388-4200.

Motors

ADJUSTABLE SPEED control for conventional three-phase induction motors from 5 KW to 1000 KW are provided by the Series 8000 variable frequency inverters introduced by Heenan Drives from whom more information can be obtained on *0905-57555.*

Sensor

AN ULTRASONIC sensor for detecting missing bottle caps while containers are being filled *is incorporated* in Hiltcroft Packaging Systems latest level detection system.

The company says this Levelbest system can detect the level of liquids and powders in clear and coloured glass or opaque plastics containers to an accuracy of plus or minus 0.5 mm without the use of gamma ray techniques. More on 0565-3504.

Aylesbury Automation offers a new High Speed Bottle Unscrambler—UHS. The company states that it is applicable to a wide range of industries—from cosmetics to food and drink. More on 0420-86810.

Compeda

COMPEDA has introduced a new system—CAPE—for workshop estimating in its range of computer-aided design software for engineering applica*tions. Developed by the* National Engineering Laboratory it can be used on a variety of mainframe mini and micro computers.

Emulator

HI-TEK announces the Z-SCAN 8000, an in-circuit emulator for speeding development of systems using the Zilog Z8000 Series of 16-bit microprocessors. The Z-SCAN 8000 uses a standard serial interface and can be used with almost any software host system that runs a cross-assembler or cross-compiler capable of generating Z8000 code. More on 0954-81931.

Stalvall tapping machine

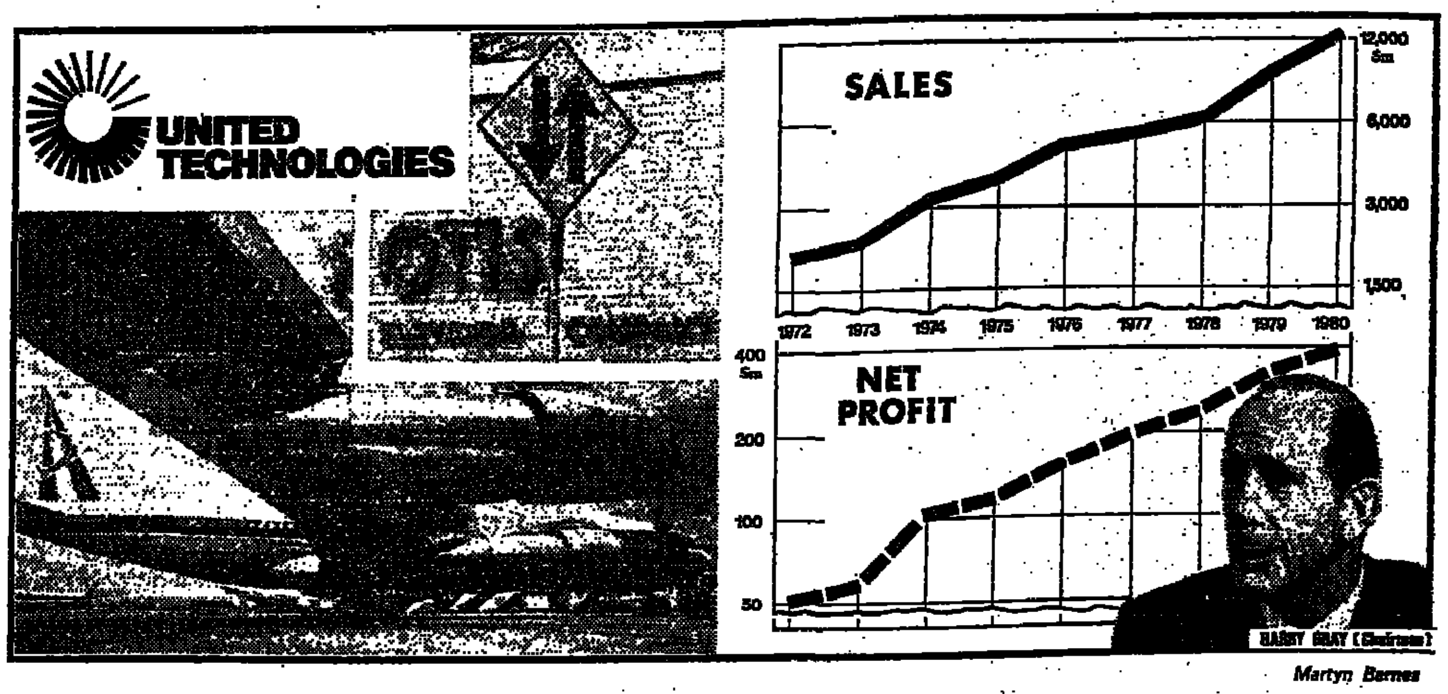
A UNIVERSAL Tapping Machine has been introduced by Stalvall and Larrson (S & L). It is supplied mounted on a machine table with adjustable feet and used as a machining cell member or the tapping units can be supplied separately for use in a production line. Scandia Machine Tools offer more information on 0734-594005.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The rise and rise of an energetic conglomerate

Ian Hargreaves charts the rapid growth of United Technologies



Martyn Barnes

On the way up—Harry Gray's United Technologies, best known for its Otis lifts and Pratt and Whitney aero-engines. Will his next acquisition be an oil well or a coal mine ?

HARRY GRAY'S favourite newspaper cutting is a grubby little item from the New York Times, dated January 3 1973. It reads:

"Harry J. Gray, President of the United Aircraft Corporation, told a group of aerospace securities analysts yesterday that the company's objective is to double its sales over the next seven years both through internal growth and by acquisition."

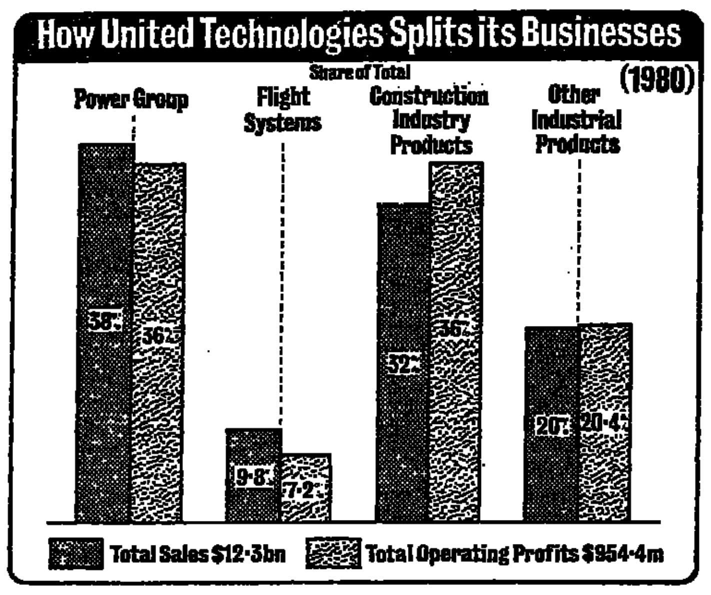
"Mr Gray emphasised that no acquisition is imminent, but explained the company is looking at opportunities in the fields of energy, communications, electronics, automotive, transportation and environmental systems."

Gray, whose company is now renamed United Technologies, has good reason to recall with pride that analysts' meeting, held only three months after he became chief executive. In the last seven years, he has not only doubled sales, but multiplied them six-fold, making his company into one of the ten largest manufacturing companies in the United States.

He has made the promised acquisitions in numbers greater than his board of directors can have conceived at the time he was hired from another conglomerate, Litton Industries, in 1972. He had established en route a reputation for agressive corporate imperialism long after it went out of style elsewhere. It is when one's conversation with Gray turns to acquisitions that he proffers the newspaper cutting.

The game is to spot the sector which he has not yet covered. Essex, bought in 1973, makes cable for the construction, appliance and automotive markets. Otis (1975) makes lifts — transport. Ambac (1978) produces fuel injection systems for diesel engines — transport/automotive. Carrier (1979) makes air conditioners and heaters — environment. Mostek (1979-80) makes integrated circuits — electronics. Lexar (1981) makes digital switches — telecommunications systems.

That leaves energy. Does Harry Gray intend to buy an oil well, or a coal mine? "We make a habit of not telegraphing our purchases," he says, but notes that energy and other natural resources offer an infallible hedge against inflation. A more likely clue to his thoughts, however, may be Babcock and Wilcox, the large power plant company which UT tried to take over in 1977, before being beaten by J. Ray McDermott. Another possible clue is Carrier's marginal involvement in energy process equipment. There will also probably be another purchase in the telecommunications field, he hints, to provide a broader base than that offered by Lexar.



POWER GROUP: Pratt and Whitney Aero-Engines, Gas Turbine Engines
FLIGHT SYSTEMS: Sikorsky Helicopters, Avionics
CONSTRUCTION INDUSTRY PRODUCTS: Carrier air conditioners, Otis lifts, Wire and Cable
OTHER INDUSTRIAL PRODUCTS: Automotive components, including fuel injection systems, Mostek integrated circuits, control systems, appliance components, ink, paint, process equipment

Just turned 61 and with only four years to his intended retirement day, this talkative, bright-eyed man clearly has no intention of going out with a whimper. Seated in the mock-colonial comforts of his office, he obviously enjoys surprise, but is cunning enough to know the virtues of patience.

No holiday

A man with an unsurpassed reputation for tough bargaining and hard driving — he convinced one reporter he had not taken a holiday for nine years — Harry Gray flies around the country from the rooftop of the Hartford, Connecticut, company headquarters in one of the Sikorsky helicopters UT builds. He comes across almost as a corporate Dr No figure, relaxed, utterly charming, but with a secret master plan in the locked cabinet which he can hardly wait to spring on the world.

So far, the plan has not let anyone down. When Gray came to Hartford, the company was an eminent name with an illustrious past; back in the 1930s, it was part of the visionary United Aircraft and Transport Corporation which the trust-busters divided into Boeing, United Airlines and United Aircraft.

The company was, essentially, a builder of aeroplane engines and related control equipment through what is still its best known division, Pratt and Whitney. Although Pratt was and is the world's largest supplier of engines for civil airliners, over half the company's annual sales were then to the U.S. Government, a business Gray considered too cyclical and risky, especially at a time when the end of the Vietnam war promised a longer than usual downward roll in the cycle. So he set to work to identify the company's technological strengths, companies to which they might be applied (hence, for example, truck engines) and, where necessary, to buy in technological expertise through corporate acquisition.

Electronics and semiconductors were always high on the list, he insists, even though it was only a year ago that he got round to buying Mostek.

In the 1970s, the price-earnings multiples of such companies were too high for Gray's sense of thrift and so that part of the plan had to stay locked in the cabinet. "We had five candidates. Three were picked up by others and the fifth was Intel," he recalls. The fourth was Mostek, which UT carried off when the chip-maker was trying to disengage itself from the unwelcome advances of Illinois-based electrical equipment manufacturer, Gould.

Long experience of hostile takeover attempts had taught Gray that theirs was not the way to pick up a high technology company whose chief asset is its people. So UT offered a $1 per share premium on Gould's final offer, a handsome stock participation plan for Mostek's top executives and a guarantee of an expansion budget of $200m—a sum equal to Mostek's sales in 1979.

Mostek, Gray insists, will also remain an autonomous subsidiary and will have freedom to sell its products anywhere. "Our strategy has always been to go for the market leaders," he explains. The idea is to buy a company which will grow in profits and sales and take the parts that complement UT as a spin-off.

Gray's mind evidently spends a large portion of its time framing potential synergies. In April, for example, just in case anyone was missing the logic behind the UT spending spree, he announced the formation of a building systems group, comprising Carrier's air conditioning, Otis lifts, and part of the Hamilton Standard subsidiary which makes control systems. The building systems group will market itself as an integrated producer of everything needed to control energy use in a building.

The idea of "closed-loop" energy systems, involving minimum waste and maximum recyclability, had been buzzing around Gray's head since Hamilton Standard did some closed loop work for Nasa in 1972.

Eventually, Gray sees UT's telecommunications activities adding to the package. One small feature he is especially pleased with is an in-house piece of UT wizardry in the form of a movement sensor, which will automatically switch off lights when rooms are empty.

The creation of the building services group follows the establishment in 1979 of the power group (Pratt and Whitney and related products) and the electronics group (Essex's cables, auto components and controls).

UT is certainly not without its untidy spots and its inconsistencies. It is not readily appreciable, for instance how the company's ink manufacturing business fits the UT vision.

More significantly, elements in the master plan itself are open to challenge. The four biggest questions are:

● Was it such a good idea to pay $345m for a small company like Mostek when UT can get all the chips it needs from any number of sources? The chip industry itself has proved highly cyclical and price-competitive, and today Mostek is almost certainly operating at a loss.

Succession

● Pratt and Whitney, still a basic and important UT business, has seen its grip on the world aero-engine market loosened since 1972. Could this have been prevented?

● Has UT overstretched itself financially by paying fat premiums for acquisitions just before a period of very high interest rates?

● Who will run UT when Gray retires? He spent years telling people that the company did not need a number two, a President, then suddenly in late 1979 recruited Alexander Haig to that post. One year later, Haig was Secretary of State and UT's management succession problem was back at square one.

Of these questions, the Mostek one is hardest to answer because UT has not yet had time to demonstrate any corporation-wide benefits from the acquisition, although Mostek engineers are already working closely in tandem with UT's electronics research centre.

Gray remains convinced he has bought a leader which will meet the UT formula of independent strong growth once the economy picks up and competition lessens.

Pratt and Whitney is certainly creating some headaches for UT, at least on the commercial side. Pratt built up its position in the industry in the days when an engine was selected for an aircraft-type at birth, which put Pratt engines on board every Boeing 707, 727, 737 and McDonnell Douglas DC9 in the sky.

More recently, airframe manufacturers have let the customer choose his engines, and with the advent of General Electric as a competitor along with GE-SNECMA, the powerful Franco-American consortium, Pratt's position has slipped.

This process has been speeded by the growth in stature of the Airbus project. The alarm bells really started ringing in Hartford when Rolls-Royce beat Pratt for the first orders for the Boeing 767. Pratt countered by snatching two large early orders for the smaller, shorter-range Boeing 757 for its own PW2037 engine.

In such a buyer's market, Gray makes no secret of the pain the thinness of the margins causes him. Lately, Pratt has embarked upon a campaign to convince the aviation industry that it can do without the new generation of 150-seat aircraft now being planned and should settle for 727s with a Pratt engine.

Robert Carlson, President of Pratt, lamented recently that the cost of the usual three-cornered competition for a 150-seater "would include the demise of the North American private enterprise aerospace industry."

Gray himself vents frustration about the difficulties of competing with a state-subsidised Rolls-Royce and expresses remorse that collaboration was abandoned on a 1975 agreement between Pratt and Rolls to develop a major engine programme (the so-called 10-tonne thrust engine). Both companies are now working on their own versions. Gray insists that Pratt and Whitney will stay the course in this increasingly expensive slogging match, but it obviously hurts a lot to know that Pratt has no prospect of becoming a cash-gusher again in the foreseeable future.

It hurts more at a time when UT needs the cash to intensify its technological thrust and to buy that energy company. Fortunately, the Reagan Administration is doing its bit to compensate by stepping up orders for fighter engines, of which UT is a major supplier, not to mention the potential for providing the engines for the proposed manned bomber.

On the third issue, of UT's finances, the company has partly answered the question itself this year by issuing 5m new common shares, worth $258m, in order to stem a risky drift towards higher gearing. UT had debts of over $1.5bn at the end of last year, against common equity of $1.88bn. Of that debt, in large part taken on board to finance the Carrier and Mostek deals (which cost $1.38bn in total, $497m above asset value as computed for UT's accounts) $663m was at floating rates. This meant that UT's interest bill more than quadrupled inside three years.

Lofty

The company is still more highly geared than it ought to be in a period of turbulent interest rates and there have been recent lay-offs at Mostek and Pratt and Whitney to reduce inventories and financing costs.

UT may also issue some convertible preferred stock later this year, but if interest rates remain at or around their present lofty levels, the capital budget would have to be trimmed—it ran last year at $570m, up from $331.2m the year before.

This was thanks largely to engine development costs at Pratt and the added capital budgets of the new purchases. Although UT still has plenty of notches on its belt to tighten if necessary, its plans to continue to call for heavy research and capital spending, especially in the electronics area.

This modest deterioration of the financial condition of the company is also reflected in its return on assets, which has slipped from a peak of 15.9 per cent in 1978 to 11.8 per cent last year. The other side of the coin, however, is that UT under Harry Gray has enjoyed nine years of continuous earnings and profits growth, undeflected by recession or anything else, as the table shows.

The final issue raised by the doubters is that of UT beyond Harry Gray. In some ways, it may turn out to be the least substantial worry and Gray promises there will be moves in the near future designed to identify the heir apparent.

Although the loss of Alexander Haig was obviously a blow, he had not been with the company long enough to create a large vacuum. The greatest damage, in the end, may turn out to be to Gray's sense of theatre. The Haig appointment certainly got UT noticed.

But since taking over at UT, Gray has, in fact, recruited numerous middle-ranking and senior executives from top U.S. corporations like Deere, Mobil, Pepsico, Litton and Ford.

It is also possible that Gray will go outside UT ranks again for a President. The eventual choice will be fascinating.

Whoever takes over Harry Gray's empire, however, will not be inheriting a land of guaranteed peace and plenty as a birthright. The Gray strategy has been and remains one with risks. It may be that the cyclical nature of the company will increase with the extra emphasis upon construction and chips. The company also has some exposure to the problems of the motor industry. It had, for example, to cancel a projected major fuel injection plant in Kentucky because of Ford's decision to scrap plans for its advanced 8-cylinder Proco engine. It also is a truism that when you buy companies, you never know at first how good the fit will be.

But one thing can be guaranteed to Harry Gray's successor. He will not be without a legacy of plans.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Capital gains on winding up

Two of us each owned 50 per cent of the issued shares of a property company, which has now been wound up. The properties were valued on April 6, 1965, giving a shares value of £12,000 total. The cost of the shares to us in 1955 was £200 each. On the winding up, we each received £4,000 for our shares. As neither of us had the majority, am I right in assuming that on the winding up there was no profit or no loss for capital gains purposes?

Not necessarily, even if you both submit (or have already submitted) irrevocable notices of election under paragraph 12 of schedule 5 to the Capital Gains Tax Act 1979. The value of the company's assets at April 6, 1965, does not automatically prove the market value of your respective shareholdings on that day.

Since there is a strict time limit for paragraph 12 elections, you should not delay seeking professional guidance. The company's auditors or liquidators are probably best placed to advise you.

Limited or unlimited

We live in a country mansion which was converted into eight flats and the flats sold off as long leases some 15 years ago. At the start, the residents formed a Residents' Association which acquired the freehold and registered as a limited company. Since that date, records and annual accounts have been filed with the Companies Register, but there has been no trading and the only income is derived from the residents' annual service charge, with the small addition of interest on bank deposits (which apparently attracts Corporation Tax at the reduced rate of 42 per cent). Is there any advantage in remaining a limited company and having to pay Corporation Tax and file accounts, which might be avoided if the Association was unlimited again?

The lowest rate of corporation tax was reduced from 42 per cent to 40 per cent with effect from April 1, 1979.

The decision to form a company was undoubtedly right. Even if yours were an unincorporated association, it would still be chargeable to corporation tax, as explained in the reply published on Wednesday, March 18, in our Business Problems column (Corporation tax liability).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

هكذا من الأصل

LOMBARD

Stock Exchange and its users

BY CHRISTINE MOIR

STOCK EXCHANGE council elections are not nail biting affairs. On Monday, 15 applicants applied for 14 vacancies, but 10 of these were councillors standing for re-election. Still, an oversupply—even by one—of candidates for the empty seats caused a ripple of excitement. It is not always so.

Many firms dread the thought of nominating one of their senior men to the council; the job takes up many hours of what would otherwise be commercially profitable time. But the numbers are found each year because that is tradition.

One seat is filled ex officio: that is the Government Broker's. The remaining 46 are drawn from the ranks of jobbers and brokers. Again, that is traditional.

Rumblings

But the tradition was being questioned even as the members went quietly to the polls. The rumblings have been going on for some time but an open call for change was made in May by members of one of the most powerful groups of market investors—the pension funds.

"The time has come for a much closer and detailed dialogue" between the Stock Exchange and its users, said George Dennis. More bluntly, Charles Woodward said: "There is a general call for companies to strengthen their boards by appointing non-executive directors. This is a formula which the Stock Exchange Council itself should consider."

The views were personal, but Mr Dennis is equities investment director of the country's largest pension fund, the £2.5bn Post Office Staff Superannuation Scheme. And Mr Woodward besides heading the investment team of the £380m Reed International fund, will be the next chairman of the Investment Committee of the National Association of Pension Funds.

Mr Woodward's argument is that inviting the institutions to the council debates would have concrete benefits for the Stock Exchange. Changes could be more easily tailored to meet the real needs of the market which depends equally on its investors, broker agents, and jobbing warehousemen.

By membership of the council investors would also publicly be seen to be joined with the members in directing change in the market place. This might have an impact on the Restrictive Practices Court which will soon begin scrutinising the complete structure of the exchange and its entire rule book.

Other pension fund managers are less conciliatory in their approach. The institutions dominate the market, they point out. They provide the livelihoods of the brokers and jobbers. As a result they claim the right to participate in decisions like whether the commission structure should be altered or whether settlement of gilt edged dealings would be more efficient if computerised—both current subjects for study. The Stock Exchange already voluntarily canvasses institutional views on such issues, and there is a standing Chairman's Liaison Committee, but the demands are for more formal participation.

There is an undeniable logic behind the institutions' claims to be intimately concerned in the outcome of Stock Exchange policy decisions. But there is an even more important commercial reason why the Stock Exchange should consider inviting them to the boardroom.

As Mr Nicholas Goodison, chairman of the council, frequently repeats, the Stock Exchange has no monopoly over dealings in stocks and shares. It will survive only as long as it proves to be the most attractive market place.

At present its pre-eminence as a market place is clear, but it is not unchallenged. International securities houses have flocked to London in the past few years, operating profitably outside the market. Alternative off-market dealings systems have been tested—so far without success but an indication of what might come. The concentration of such large holdings in a few institutional hands has made it very easy for brokers to match buyers and sellers, or to place new offers of shares with only a token genuflection to the market.

If the institutions were drawn in to directing the future structure of the Stock Exchange, helping to tailor it to their ends, they would be the less likely to be lured away to other markets.

Ancient and modern among the roses

GARDENS TODAY

BY ROBIN LANE FOX

OVER THE next fortnight, the best of Britain's roses are in their full flush of flower.

They are not the modern floribunda and hybrid tea varieties, lovely though a few of these are. They are the older types which these modern sorts would almost have stamped out, had a few artistic gardeners not kept the defences in place and converted so many of us back to the older taste over the past 30 years.

You can contrast the two types by visiting Queen Mary's rose garden in Regents' Park and surveying the better and newer varieties, then travelling south to Sissinghurst Castle in Kent for a sample of the finest old roses grown to the shapes and styles which suit them best.

My money is always on Sissinghurst, but I would not advise the unwary to copy every variety which catches their eye in that famous garden. Away from its care, some of the richest flowers will be ruined by mildew and will spread black spot all round them. Though their season is no shorter than most other flowers, it is disappointing among roses, many of which can go on for so long or turn in two good shows in a year.

Instead, I would suggest a compromise with the many newer shrub roses which combine the best of either type. From the old-fashioned forms of the 19th century they derive their scent, shape and a subtlety of colour.

From carefully-crossed parents, they retain vigour and a season of flower which nearly rivals the remarkable modern Iceberg. Strong parents make them a safe selection for any gardener who is starting from nothing. I bother with very few of the oldest mauve roses and striped purple varieties because I cannot control the black spot which disfigures them from June onwards.

Modern shrub roses are another matter, if the moderns are allowed to stretch back over 50 years. In the history of roses, that is a very short time.

This week, my young plants of the classic modern shrub rose Felicia are at their best. I put them first partly because they are seasonal, partly because I think that musk rose Felicia is as lovely as any pink variety and healthier than almost any bush rose in the book.

In bud, the flowers are an apricot pink, opening to a silver-pink which goes with any colour, strong or pale, and stands out in the calm of a mid summer evening. The flowers are double, but not a heavy double like a hybrid tea's. Felicia would pass as an unusual floribunda and indeed she can be used to the full as massed bedding rose, if pruned to a height of three or four feet.

At Kistsgate Court in Gloucestershire you can see Felicia in the great rose garden which stands down the road from the National Trust's Hidcote Gardens, open daily. There, superb sweeps of Felicia are used as a bedding rose with all the civilised accompaniments, yellow-green Lady's Mantle, deep mauve-blue campanulas and the large silver-pink heads of ornamental onions.

Otherwise, you can leave Felicia without any pruning and allow her to grow up to five feet or so and a width of seven or eight feet. She is the simplest customer and will grow in any open site.

It may pain the tidy-minded, but she needs no pruning at all after a slight shortening of her growth in the first two years in order to encourage a thick-set shape.

Felicia flowers for three weeks or so now and returns with a second serious flush in autumn. Meanwhile, she keeps a few buds going in case you forget her. She matches well with anything good, blue violas, silver leaved Artemisia or especially the old lace pinks.

You may wonder if my case is peculiar, so I will end with the apt tribute of Graham Thomas, the world's leading expert on these past garden roses. Felicia, he remarked, is "in every way ideal and seems to me the perfect shrub rose for beauty and continuous display." Incidentally, she is just as good in London.

Her branch of the family was raised in the 1920s by an Essex clergyman, Mr Pemberton. I rate him among the cleverest rose breeders of all time. In fact, his musks were hardly true musk roses at all. Before the Ayatollah, visitors to East Iran and Afghanistan could wander freely after the true musk rose, or rose Moschata.

Little of its blood, however, passed into our clergyman's strain, but something of this wild rose's scent has persisted and makes Felicia well worth smelling.

Instead, the cue came from a yellowish German climber called Trier which has almost been forgotten. Two years ago, I saw it sprawling over a wall in central Italy where its cream yellow flowers and distinctively small leaf still marked it out. It proved a great parent, though many of Mr Pemberton's chosen varieties have now vanished from any list or garden known to me.

Roses like Daphne or Aurora would be worth recovering if any reader thinks he has them. Oddly, the new musks were not unduly popular until 30 years or so had passed. Like many poems, they only became famous after their inventor's death.

More recently, I rate David Austin's Wife of Bath as Felicia's newest rival. This is a true bedding rose in my view, which ought to be massed for its extraordinary effect. I fail to understand why it has not ousted most hybrid teas from our front gardens, but I blame the nurserymen who are slow to stock it or mass it in garden centres. You can order it from its raiser's own nursery at Albrighton, near Wolverhampton.

Wife of Bath is the sensible way to grow the marvellous Constance Spry variety in a modern small garden. Whereas this parent flowers only once, the Wife flowers continuously throughout the summer and retains the same strong, powdered scent in her quartered flowers. The pink is pale, shading to a richer pink in the centre and if lightly pruned, the bushes will reach about three feet in a rather upright manner.

Many David Austin hybrids have followed since and they include some fine garden roses, many of which are splendidly robust. But the Wife is still his winner and I suspect that it will be the poem which our children will discover more widely and thank us for overlooking outside a few alert gardens.

I cannot leave out the huge single white Nevada or the exquisite primrose yellow Frühlingsgold, although the latter flowers once only in late May. As big shrubs, seven feet tall, they are spectacular and I would commend the repeat-flowering Nevada to anyone who wanted a loose and arching hedge around a formal lawn. But for smaller and quieter value, I would end with the single-flowered Golden Wings.

Pale yellow roses are precious anywhere, but there is a rare merit in this pale yellow variety which is scented and able to flower continuously. Twenty-five years old this year, it has still to make a big mark on traditional rose-buyers. It is not always the freest grower, but it is safe in all but the coldest conditions and has wild and very pretty blood in its immediate ancestry.

It reminds me a little of the favourite climber Mermaid. About four feet high, it branches freely and fits prettily into a border of blue flowers and silver leaves. A group of three plants covers you against a failure, and once Golden Wings is fully fledged, you will wonder why so little is made of this modern rose with a pleasantly ancient air to it.

Another marathon at Salisbury

RACING

BY DOMINIC WIGAN

FOR THE second year running this afternoon's Pembroke Stakes at Salisbury has been split into three divisions, and the preceding event, the Shrewton Stakes, into two.

Few will be happy at the prospect of another nine-race programme on the picturesque but far from accessible Wiltshire track with its unusually high number of beaten favourites.

Grandiose proved a worthy ally to the bookmakers in the Bibury Cup a year ago, when scoring at 20-1 in a five-runner field.

No one should rule out Grandiose's stable-companion Saba Nejd, although Prince Faisal's colt has his fair share of weight of 9 stone 2 lbs.

Of the other eight runners I most regard Salud, a rare runner on the course for Michael Stoute, and the ever-improving More Harmony.

Salud is a good-topped son of Lombard out of Shantou, one of the best German classic fillies of 1976. He disappointed, however, on his second appearance of the term, after proving coltish in the paddock.

More Harmony, another fine-looking colt, also came good last time out, beating Dragon Steed a good deal more comfortably than a neck's margin might suggest in an 18-runner maiden event over 10 furlongs at Nottingham.

The pair had the finish to themselves there when Buzzard's Bay trailed in seven lengths adrift in third place, and the form, achieved on fast ground, looks useful. More Harmony is preferred to Salud and Saba Nejd.

SALISBURY

2.45—More Harmony***
3.15—Bold Raider
3.45—Preparation
4.15—Free Press**
4.45—Frogtown
5.15—Sally Rose
5.45—Wyke

RIPON

3.30—Ramjak
4.00—Danny Park
4.30—Fimi
5.00—Hab Dancer*

TV/Radio

*Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.12 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.00 Cricket: The Benson and Hedges Cup (quarter-finals). 12.27 Regional News for England (except London). 1.30 How Do You Do. 1.45 News. 1.55 Wimbledon Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School (As BBC 2 11.00 am) 4.45 The Song And The Story. 5.10 John Craven's Newsround. 5.15 Think Of A Number.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Wimbledon highlights.
7.25 "Speed King" by Roger Milner.
9.00 Party Political Broadcast on behalf of The Labour Party.
9.10 News.
9.35 Athletics from Crystal Palace.
10.15 Cosmos.
11.05 Paperbacks.
11.43 News Headlines.
11.45 Cricket highlights.

All Regions as BBC 1 except as follows:

Cymru/Wales—5.55 pm Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 7.25 Goreuon Gwynfryn. 7.50 Top Gear Turns Back The Clock. 8.20-9.00 Showaddywaddyshow. 12.10 am News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 9.00-9.10 Party Political Broadcast by the Scottish Labour Party. 12.10 am News and Weather for Scotland.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
11.25 Cricket: The Benson and Hedges Cup (quarter-finals).
2.01 pm For Schools, Colleges.
2.40 Wimbledon and Cricket.
7.55 Mid-Evening News.
8.05 Let The Music Talk.
9.00 Rhoda.
9.25 Man Alive.
10.15 Wimbledon highlights.
10.50 Party Political Broadcast on behalf of The Labour Party.
11.30 The Pursuit of Power: Robert McKenzie talks to The Rt Hon David Owen, MP.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Music of Man. 1.00 News plus FT Index. 1.20 Thames News. 1.30 The Electric Theatre Show. 2.00 Live From Two. 2.45 Big Shamus, Little Shamus. 3.45 Young Playwright Of The Year. 4.15 Road Runner. 4.20 How. 4.45 Into The Labyrinth. 5.15 Here's Boomer.
5.45 News.
6.00 Thames News.
6.25 Help.
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Video Entertainers.
8.30 Have I Got You . . . Where You Want Me?
9.00 I Was At Broadmoor.
10.00 Party Political Broadcast by the Labour Party.
10.10 News.
10.40 Royal premiere of "For Your Eyes Only."
11.25 One Hundred Cup Finals with John Arlott.
12.15 am Close: "Sit Up And Listen," with Commissioner Catherine Bramwell-Booth.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 The Ante Room. 6.00 About Anglia. 11.25 Chopper Squad. 12.25 am The Big Question: The team answer the question of how a clergyman can help someone who has been made redundant.

ATV

1.20 pm ATV News. 2.45 The Ante Room. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today, including Police Five. 11.25 ATV News. 11.30 SWAT.

BORDER

1.20 pm Border News. 2.45 Fantasy Island. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.25 The Sound of . . . Ricki Lee. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Ante Room. 5.15 University Challenge. 6.00 Channel Report. 10.00 A Chance to Meet . . . Muddy Waters. 10.38 Channel Late News. †11.25 The Midweek Film: "Seven Sinners." 12.40 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 The Ante Room. 5.15 Diff'rent Strokes. 6.00 North Tonight. 11.25 North Headlines. 11.30 Seachd Laithean—presented in Gaelic.

GRANADA

1.20 pm Granada Reports. 2.45 Doctors' Private Lives. 5.15 Happy Days. 6.00 Granada Reports. 6.25 This Is Your Right. 11.25 Rockstage.

HTV

1.20 pm HTV News. 2.45 Chopper Squad. 4.45 Bailey's Bird. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Into the Labyrinth. 10.38 HTV News. 11.25 Marciano.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Fflalabalam. 4.45-5.15 Ynys yr Mor. 6.00 Y Dydd. 6.15-6.30 Report Wales. 11.25-11.55 Superstar Profile.

SCOTTISH

1.20 pm News and Road and Weather. *2.45 The Ante Room.* 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Talking Scots. 11.25 Late Call with Pat Simpson. 11.30 Seachd Laithean.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Story Hour. 3.15 Life Begins at Forty. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area only). 11.25 Fantastic Planet.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Young Ramsay. 3.45 Life Begins at Forty. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North East News. 10.42 For Your Eyes Only. 11.25 Mind Over Matter. 11.55 A Re-Born Church.

ULSTER

1.20 pm Lunchtime. 2.45 The Ante *Room. 4.13 Ulster News. 5.15 Cartoon* Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.39 Ulster Weather. 11.25 Bedtime.

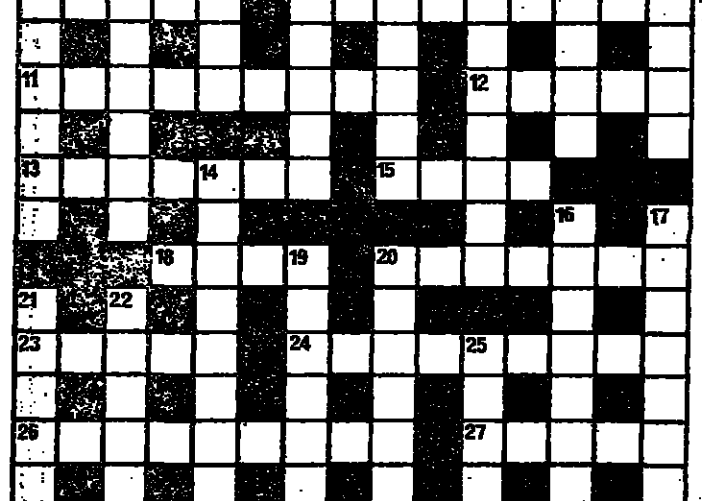
WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Ante Room. 5.15 University Challenge. 6.00 Westward Diary. 10.41 Westward Late News. †11.25 The Midweek *Film:* "Seven Sinners," starring Edmund Lowe and Marlene Dietrich. 12.40 am Faith For Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 The Ante Room. 5.15 The Lincolnshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 11.25 Mind Over Matter.

F.T. CROSSWORD PUZZLE No. 4,602



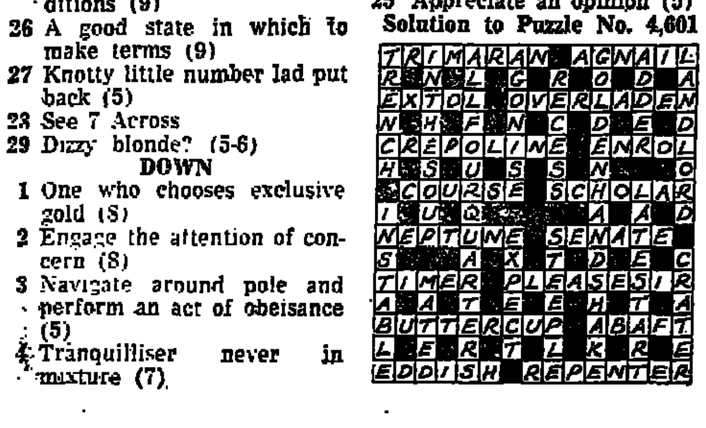
ACROSS

1 Remain at home with a party and Phasma (5-6)
7 and 28 Divers bask to get rid of moisture (6)
9 Literally he is supple (5)
10 Seat in a dwelling-house? (9)
11 Accountant staggering and singing (9)
12 Go briskly with a learner, and it's lawful (5)
13 Outside Broadcast setting that is disgusting (7)
15 Stop to support (4)
18 Pallid article with bashful following (4)
20 Sharpen her in any case (7)
23 Left to acquire by labour and gain skill (5)
24 Part of orchestra cried, being exposed to bleak conditions (9)
26 A good state in which to make terms (9)
27 Knotty little number lad put back (5)
28 See 7 Across
29 Dizzy blonde? (5-6)

DOWN

1 One who chooses exclusive gold (8)
2 Engage the attention of concern (8)
3 Navigate around pole and perform an act of obeisance (5)
4 Tranquilliser never in mixture (7)
5 Lowest ranking officers and flags (7)
6 Comber, could be a bore (5, 4)
7 State Enrolled Nurse on time, turned up, holding reputedly curative root (6)
8 Irritate a stitcher (6)
14 Containing a perfume that's indispensable (9)
16 Warded off as protection to editor (8)
17 Chattered idly and quietly irritated (8)
19 Deviating temporarily from course around Pole and gaping (7)
20 Wound on the head needing a fastener (4-3)
21 Calm, even when caught in Highland dress (6)
22 Tasteful delicacy (6)
25 Appreciate an opinion (5)

Solution to Puzzle No. 4,601



Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 2.00 pm The Ed Stewart Show (S). 4.00 David Hamilton (S). 5.45 News and Sport (S). 6.00 David Symonds (S). 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.03 pm Wimbledon Championships. 7.00 Join Radio 2 vhf. 8.00 Listen to the Band. 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 10.00 Stop the World . . . 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Trucker's Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers: Roy Harris and Virgil Thomson (S) 10.00 Cello and Piano recital (S). 10.40 Reading Phoenix Choir (S). 11.30 Berlin Chamber Orchestra (S). 1.00 pm News 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Nikita Magaloff piano recital (S). 4.15 Ives: Symphony No. 4 (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Havergal and Co. (S). 7.40 Ravel recital (S) 8.00 College Concerts 1980-81, part 1 (S). 8.45 Six Continents. 9.05 College Concerts, part 2 (S). 9.45 Birdy. 10.05 An Early Haydn Symphony (S) 10.20 Evening Magic (S). 11.00 News. 11.05-11.15 Granados piano music (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30-8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week: Russell Harty's People. 10.00 News. 10.02 Gardener's Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 It Makes Me Laugh. 12.55 Weather. 1.00 News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Bean on the Borders. 4.00 Choral Evensong (S). 4.45 Story Time (S). 5.00 PM. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Fat Man Out. 7.45 Tuesday Call (repeat). 8.45 Analysis. 9.30 Kaleidoscope. 10.00 The World Tonight: News. 10.30 The Lord of the Rings (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Cricket Umpiring. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sachs's Late Show. 12.00 Midnight Special.

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هكذا من الأصل

FINANCIAL TIMES SURVEY
Wednesday June 24 1981

International Printing Industry

The ancient craft of printing is under heavy pressure from a number of quarters. If the industry is to maintain its position in the future it must not only succeed in an increasingly competitive market place but also face up to the demands of its own technology and the challenge of other forms of communication. Alan Pike reports.

Breaking down the old barriers

SEVERAL INDUSTRIES, such as steel, chemicals and the energy producers, often present themselves as the backbone of civilisation, providing materials or services so fundamental that society as we know it could not survive if they were withdrawn. The printing industry's claim to come into this exalted category is as valid, and more ancient, than most.

Today, however, the industry which has been responsible for the spread of ideas, religions and cultures throughout the world is itself at the heart of an increasingly competitive market place. Technology makes it possible for a book to be typeset in one country and printed in another; economics makes it possible for a British book to be produced more cheaply in the Far East and transported across the world.

The printing industry very quickly reflects the wider economic climate and has therefore suffered the full impact of the recession — a decline in manufacturing output means, for example, less demand for documentation and packaging and hence less work for printers. This unavoidable consequence of recession has struck the British printing industry at a moment when some of its traditional areas of strength have been under vigorous, and frequently successful, attack from overseas.

In book production especially, this has reached epidemic proportions. British printers now frequently find that prices with which they cannot compete are quoted by competitors from such varied backgrounds as the U.S., Holland, Spain, Singapore and Hong Kong.

Depressed

The strong pound has been the most important single factor in this shift of work away from Britain, allied to relatively lower energy prices and materials costs in many foreign printing works. At the same time, the home market for books has been depressed by the recession in general and the impact of public spending cuts in the educational sphere in particular.

British printers are, however, additionally concerned about trading practices which make it particularly difficult for them to succeed in some important markets. One of the most significant of these has been the U.S. copyright law, which has afforded copyright protection to English language books only if they are manufactured in America or Canada.

Under present legislative proposals the manufacturing requirement will be completely abolished from July 1982, although this is being resisted by American printers. Removal of the requirement would benefit the British printing industry not only by increasing opportunities in the U.S., but by diverting to the big American market some of the pressure from Far Eastern printers which is currently concentrated on Britain.

Subsidies paid by the Australian and Canadian governments to their printing industries also distort the English-language market internationally and make the competitive efforts of British companies more difficult. Some East European material reaches Britain at remarkably low prices: Russian greetings cards was the famous example, and British printers are currently investigating Polish children's books selling at less than the price of newsprint. The British industry is also concerned at present about a deposit payment system for imports to Italy, which it regards as a 2 per cent import duty.

There are, however, few British printers who would entirely blame overseas trade practices—or factors like exchange rates—for some of the business they have lost. Much mail order catalogue work, for example, has gone to the Continent not so much for reasons of price as from a belief that delivery, and sometimes quality, is more reliable. This has stimulated a campaign within the British industry to sell those achievements of which it is proud, and improve itself in other areas.

The industry, employing more than 220,000 people, is one of the biggest in Europe and, in spite of the economic climate, last year it enjoyed a trade surplus of £188m with exports of £457m. Productivity, although an area which employers and union leaders accept continues to require attention, has improved faster than in British industry as a whole, while time lost through disputes is one-sixth of the national average.

Although slowed down by the recession, British companies are adopting the science-based techniques which have transformed the industry internationally during the past decade, and in some fields British equipment manufacturers are among the world leaders in developing these techniques. Industry and union representatives are aware, however, that they will not convince customers simply by stating facts, and they are examining ways British printing companies might give firm guarantees that delivery times will be met when orders are taken.

Immediate prospects for growth in the British industry are not strong, in spite of the successes of some companies which are managing to swim against the tide. The latest Confederation of British Industry trends survey for printing and publishing showed 82 per cent of companies in its sample were working below capacity. None considered that the order position was better than usual, while 78 per cent had abnormally short order books.

Royal Wedding

Some sectors, like security printing, have been buoyant despite the recession, while printers in many parts of the industry will gain some benefit from next month's Royal Wedding. There can, however, be no overall improvement in activity in the printing industry in advance of a wider pick-up in the economy.

When that improvement does come the British industry will be heavily dependent upon foreign sources for its staple raw material, paper, following the recent heavy contraction of the domestic industry. While Britain has recently enjoyed favourable paper prices because of exchange rates there has, on a worldwide scale, been limited recent investment in pulp making and many British printers, who have experienced a 15 per cent increase in prices of imported pulp this year, fear heavier rises in the future.

In the future, however, print on paper will increasingly become just one form of communication among many options. Just as the printing industry is itself becoming far more internationally competitive, so the industry is having to face the challenge of electronic communications systems. These developments mean that attitudes in the printing industry will have to be as advanced and responsive to change as the technology which it is developing to retain its historically pre-eminent place in the field of communications.

MAIN SOURCES OF INCREASED BOOK AND BOOKLET IMPORTS TO THE UK, 1979-80

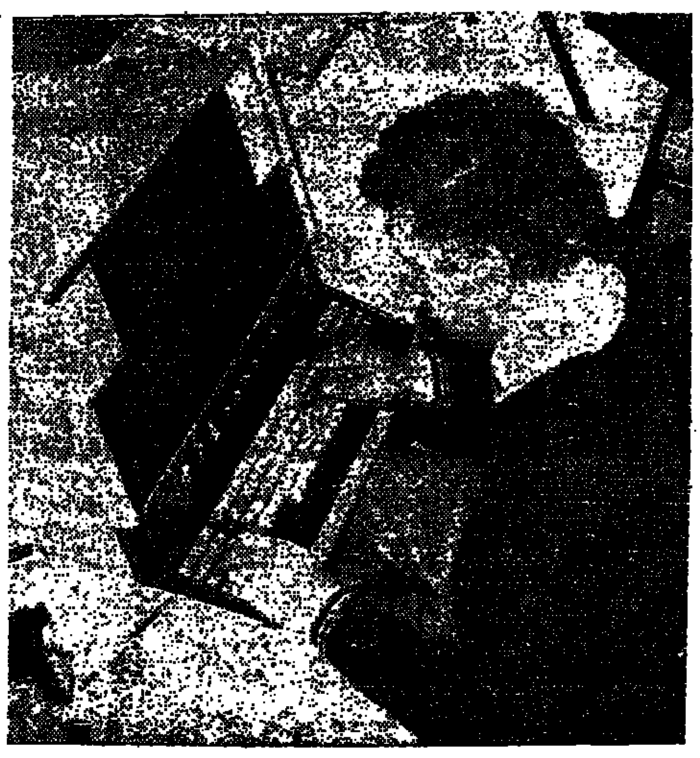
	Tonnes		£000s	
	1979	1980	1979	1980
France	442	547	3,398	6,255
Singapore	2,031	2,510	2,965	3,138
Hong Kong	9,641	12,232	11,674	17,747
Japan	785	1,297	1,925	2,975
U.S.	16,591	22,301	37,762	49,765

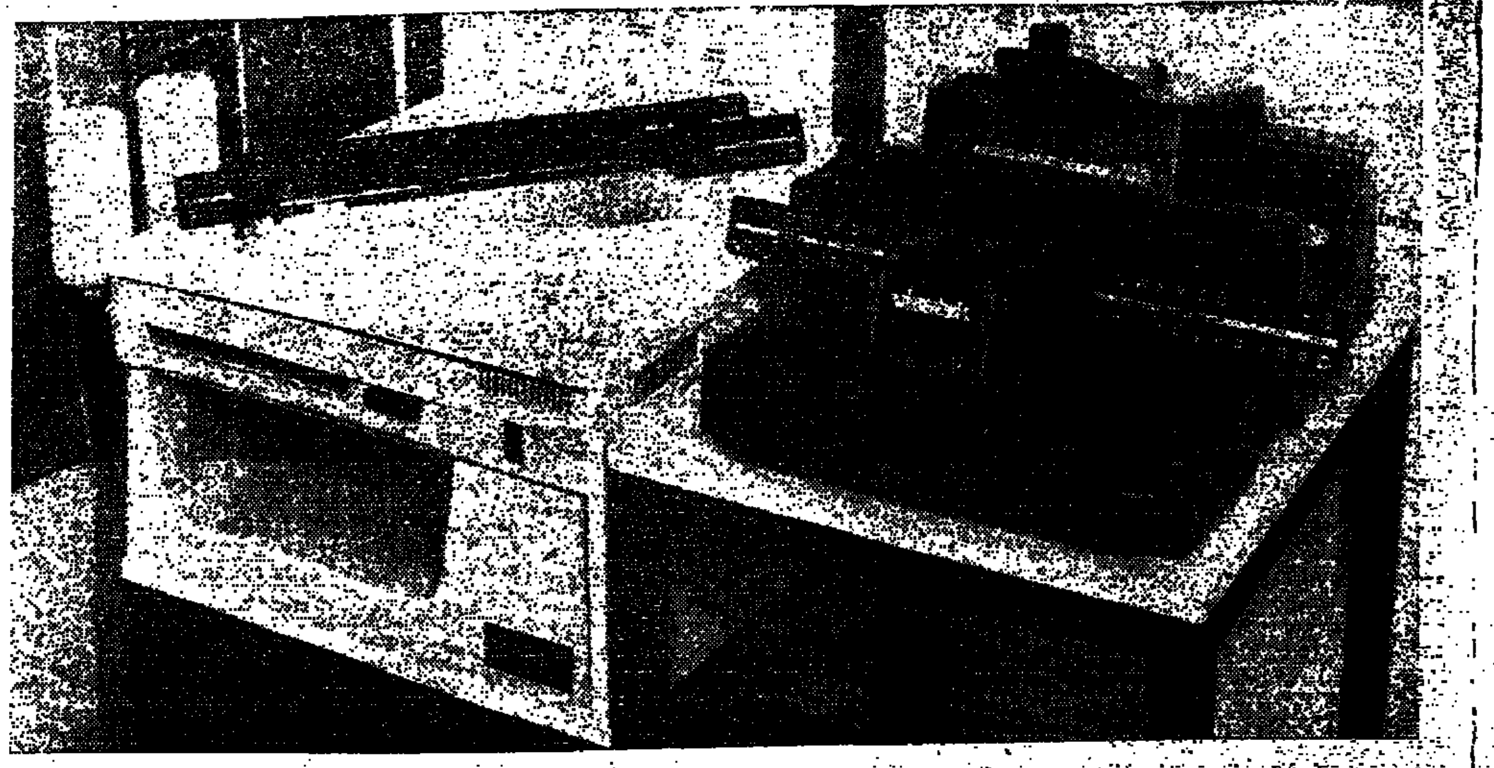
CONTENTS

Roger Taylor

In 1980 sales of self-adhesive labels increased slightly to reach a total of £47.6m, but overall manufactured stationery suffered an 8 per cent drop in sales—the printing industry is one of the first sectors of the economy to feel the full effects of recession

INTERNATIONAL PRINTING INDUSTRY II





Two faces of modern printing: (left) compositors operating the video system at the Liverpool Daily Post and Echo and (right) the Visutek 735 photoheadliner which enlarges lettering from 14pt to 120pt onto film or paper

Recapturing the allure of the home market

THE INTERNATIONAL PERSPECTIVE

THE BRITISH printing industry this month achieved an important breakthrough in its efforts to turn the rising tide of imported work into the country.

Thomson British Holdings, publishers of a huge range of books, magazines and directories, has agreed that it will wherever possible, ensure that its orders go to British printers. British companies whose tenders do not match foreign ones will be given the opportunity to re-quote after discussions to examine why the home printers are not competitive. Thomson is prepared sometimes to change specifications on particular orders to enable British companies to handle them — and hopes that in return the companies will sometimes be able to change their work practices.

The agreement with Thomson came as a result of discussions between the company and the National Economic Development Council printing industries sector working party, and the working party will now be trying to establish similar agreements with other publishers. Mr. Gordon Brunton, chief executive of Thomson British Holdings, stresses that the agreement is not intended to featherbed the British industry; it will have to be efficient in order to compete.

Employers and union leaders on the sector working party are at present examining ways in which they can give customers guarantees that delivery dates will be met. On time-sensitive material like mail order catalogues and holiday brochures—much of which has been lost by the British industry to foreign competitors in recent years — it is essential that delivery dates are observed. A number of foreign printing companies do give such guarantees, and British printers are under growing pressure to offer similar assurances.

The problem is not an easy one for the working party to solve, since union leaders are aware that there is no point in giving guarantees at national level which cannot be enforced in the workplace. If a solution could be found it would represent a huge step forward in industrial relations in the industry.

The sector working party has also been examining ways of helping British printers to become more export minded. Printing remains very much a small firm industry, and many such companies feel that they have neither the sales expertise nor the assets to launch into international markets.

To help overcome these barriers, the sector working party has been investigating ways of bringing small groups of small printers together to establish export consortia, with the working party acting as a clearing house to put printers in touch with each other. The process, although a slow one, is beginning to show a few results, some of which can be surprising: two companies which wrote saying that they needed to be put in touch with like-minded printers to create joint export machinery had addresses next door to each other.

Some companies, like the *London-based Centurion Press*, have already adopted the consortium approach, with impressive results. Centurion sells for a group of eight British printing companies in a variety of markets. At home it produces, among many other things, 11 trade union journals, and since the mid-1970s the company has made substantial inroads into export markets. It first established a sales office in Holland and, says Mr David Evans, managing director, had to spend an anxious nine months waiting for a good order. "We then met a contract to produce 700,000 copies of a 48-page colour brochure in five-and-a-half weeks and were established."

The company now also has offices in Denmark and Germany as well as Holland, and also does considerable work in the U.S. Up to half its work has been for export markets, although exchange rates have at present reduced it to less than this proportion. "The secret is simple," says Mr. Evans. "You have to be prepared to go anywhere and convince international companies that British printers are able to deliver good quality products on time."

One British company has recently made an important impact on the Japanese market. Linotype-Paul has resolved the problem of developing an electronic typesetting system capable of handling the complex Japanese language. Linotype-Paul has established a jointly-owned venture with a Japanese company and hopes to market up to £1m-worth of equipment from its Cheltenham works a year.

Some of the factors which inhibit the export performance of British companies — and aid importers — are outside the direct influence of the industry. These have ranged, in recent times, from the strong pound to the effects of the U.S. copyright legislation and printing subsidies in other English-speaking countries.

There is a growing feeling within the British industry, though, that it must resolve those difficulties which are within its own control. Mr. Robert Maxwell, for example, has made it clear since his rescue and rationalisation of BPC and the establishment of the British Gravure Corporation, that a top priority is to recapture some of the gravure work which has gone abroad in recent years.

The industry is meanwhile lobbying to ensure that it is not exposed to unreasonable external constraints. Printers have been concerned about a draft EEC directive on product liability which would make manufacturers strictly liable for injury caused by defective products which they have put into circulation. The industry has been worried that this could lead to printers being held liable for errors which originate from mistakes in customers' instructions — such errors in medical books or engineering manuals could have serious consequences.

Leaders of the British industry have gained Government support in an effort to ensure that the EEC directive is amended to avoid such a strict interpretation of liability. If this did not succeed the industry would be forced to rely on insurance against such risks. Experience in the U.S., however, suggests that the cost of such insurance is so high that some companies have gone out of business rather than face the premiums.

Assembling the Harris Multibinder II at the Harris Bindery System factory in Slough

Possible breakthrough in text and tone

THE PRINTING industry may be on the verge of an important breakthrough on the electronic merging of text and tone, suggests a report from Pira, the research association for the paper and board, printing and packaging industries.

Electronic merging of text and tone can be achieved only through digital techniques, and the report demonstrates that technical problems associated with the application of these are being overcome.

Methods of integrating text and graphic subjects into a complete page as part of a completely integrated printing/publishing system have recently attracted particular interest in the United States graphic arts industry.

The Pira report illustrates the way in which the digital processing of information is the key to merged text and tone systems in printing. "Digital methods may be used to input, store, process transmit and output texts and graphics and to merge the two."

Digitisation of information, says the report, has technical advantages over conventional procedures in its processing capability, fast and large through-put, co-ordination of separate tasks and quality assurance. The equipment of 23 companies surveyed in the report used digital techniques to process or produce text or graphics in the areas of composition and page make-up, phototypesetting, journal image scanning, soft copy proofing, platemaking and merging text and tone.

The report goes on to say: "At present, it is possible to input text and graphics and merge them electronically and output onto a film intermediate, but not directly onto plate. Lithography and gravure are the most likely processes to be used as output mechanisms for merged text and tone systems going from computer to plate."

The report says that two major problems remain to be solved before systems merging text and tone can be incorporated into computer-to-plate systems. These concern reductions in processing time and proofing.

Accumulated evidence on technology and market acceptance points to the imminent arrival of integrated text-tone printing and publishing systems, says the report. "It may be concluded that written communication has progressed through phases where the individual produced single copies by hand, and machines were introduced progressively to make multiple copy systems feasible.

"The present phase of technology development which commenced in the 1960s places increased flexibility on output possibilities for text and tonal images. There is increasing emphasis on the potential for single or multiple copies to be produced at different geographical locations via a variety of media. There can be little doubt that the rate of technical innovation in printing will continue its present momentum for several years to come."

"The Electronic Merging of Text and Tone," prepared by Henry L. Holloway for Pira.

Specialisation is the name of the game

THE BRITISH INDUSTRY

A RECENT investigation of the printing industry showed that 86 per cent of financially successful companies were specialists in particular markets. The corresponding figure for specialists among less successful companies was nil.

Although the moral of this statistic might seem obvious, it has to be remembered that specialisation is not something which has traditionally been taken for granted in the industry. Many printers have equipment which can deliver over a wide product range, and the tendency has been to accept whatever orders happen to come along.

Such an approach is unlikely ever to completely disappear, but recently a number of printing companies have been looking far more critically at the markets they should be attacking, and the strategies they should be adopting to make the attack.

One result of this change of outlook has been the development of well-known companies like the Williams Lea Group — a London-based general printer a decade ago — into far more specialist organisations. Over the past eight years, each of the groups member companies has been geared to meet one or more particular sections of the market in areas like City and financial printing, foreign language work and high quality labels.

Now that the transformation is complete—and accompanied by the introduction last year of computer typesetting at Williams Lea Offset, the company's City printing works—the company believes that it is able to be more than just a printer to its customers. It is trying to provide a total graphic communication service, which can begin with design and extend not just to production but to associated areas like public relations.

Mr. Tony Williams, group managing director, believes that for printers and their customers to gain the full benefit of new technology it will be necessary for the two parties to work more closely together, with the printer providing creative services and a wide range of other advice in addition to his more conventional skills.

Colour Centre

An important step in the drive to equip British printers to meet customers' requirements more effectively came with the opening last month of a new Colour Centre at Pira, the research association for the paper and board, printing and packaging industries. The Colour Centre, which will eventually be merged with Pira's existing Electronic Composition Centre, is designed to help companies make increased use of high technology in colour reproduction.

Equipment manufacturers have provided the centre with facilities which Pira describes as "unique in Europe." They will be used to train operators in new science-based techniques and will, the association hopes, help to establish Britain as a centre of expertise in advanced colour reproduction technology.

In spite of such developments—and the efforts and successes of individual companies—there remains a good deal to be done if the British printing industry is to regain its competitive edge completely. The recession has affected investment in printing as it has in other industries and—although many companies have successfully introduced new equipment—the industry still needs to improve its productivity.

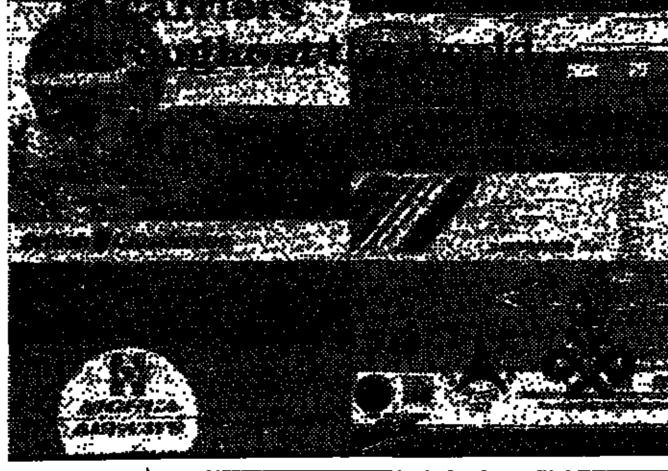
Advances are being made. A Cambridge Econometrics report earlier this year showed that between 1975 and 1980 productivity in printing and publishing had grown three times as fast as in the British economy as a whole, reaching 18 per cent compared with 6 per cent. In some sectors productivity has grown even more: for example, by 26 per cent in general printing.

However, the recently published Printers International Comparisons Scheme results for 1979-80, which covered Britain, Denmark, Finland, France, Holland, Norway, Sweden and Switzerland, showed that productivity measured in terms of added value per employee is still lower in British printing companies than in most of their continental rivals. British companies averaged a value added figure of 34,600 Swiss francs per employee. The highest result was Holland at SwFr 62,913 per employee, while the nearest result to Britain's was Finland with SwFr 47,025.

Productivity levels do not translate directly to profit levels because the effect of lower productivity in Britain is largely offset by lower wages. It does, however, point to one area where the British industry can, at least in theory, improve its competitiveness through factors directly under its own control.

The continuing application of new technology is clearly part of the answer. Investigations by the British Printing Industries Federation have shown that the most highly mechanised printing works are usually those with the best productivity levels, but the Federation has warned its members to remember that new equipment will bring better productivity only if output rises or the number of employees is reduced. There is a strong national determination in the industry to raise productivity, but if words are to be translated into action the outcome depends upon what happens in individual workplaces.

Rises in productivity which have taken place since 1975, allied to technological changes and the use of new materials, have, however, enabled the industry to hold its costs below inflation. The index (January 1975=100) for print prices stood at 189.5 in December 1980, *compared with 204.5 for* retail prices.



Reliable innovations promote radical change

THE GHOST of Caxton would not feel at home at a present-day exhibition of printing equipment.

Customers and consumers, understandably often concerned only with the end-product rather than the process by which it has been produced, are frequently unaware of the changing nature of printing methods. The broad term "new technology" has itself been around in the industry for far too long to convey accurately how advanced, and rapidly-changing, some of the technology actually is. An image of the compositor working by hand is being replaced by one of machines with composition speeds of up to 10m characters per hour.

The equipment market tends to divide broadly into two sectors: the pre-press area consisting of machinery like typesetting and page make-up equipment, and the printing press area.

In total terms some 60 per cent of all printing equipment purchased in Britain today is imported with Germany and, more recently, Japan as the major suppliers. However, Britain's record in the development and sales of printing equipment is a good one, and the value of exports still just about manages to balance imports.

British industry remains particularly strong in the pre-press sectors, where there has been rapid technological development based upon lasers, optic fibres and micro-processor techniques. In these fields companies like the London-based Crosfield Electronics succeed in selling into Japanese markets in a worthwhile way. Technological developments are not, however, confined to the pre-press stages: printing machinery manufacturers, as well as continually improving the reliability and performance of their equipment, now offer such sophisticated refinements as microprocessor control systems.

On a world scale, West Germany dominates the printing machinery market with, on the latest available figures, around 41 per cent of the total export market in OECD countries This is built primarily around Germany's strong position in the printing press sector. The United States, which comes next with 17 per cent of world trade, is one of Britain's leading competitors in the pre-press field. Britain's overall position is strong enough for it to rank third with a 10.2 per cent share of the market, followed by Switzerland, Italy, France and Japan.

Although Japanese export performance on a world scale is still small, it is growing — in terms of both volume and the diversity of products on offer — and Japan now ranks second to Germany as the main supplier of printing equipment imports to Britain. Until recently involved only in markets for small printing equipment, the Japanese industry is now offering a range which includes newspaper presses.

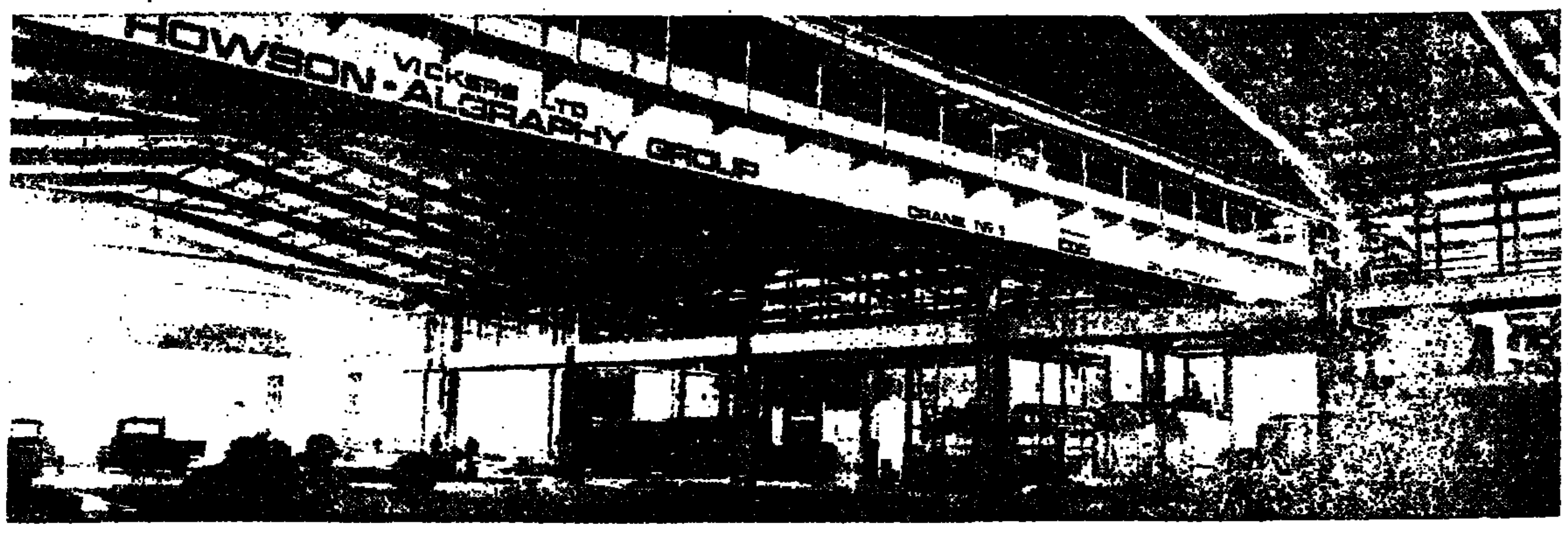
TECHNOLOGY AND EQUIPMENT

British equipment manufacturers, listening to printing companies appealing to their customers to place more orders in Britain, react by telling printers to follow their own advice and do more of their printing on British equipment. Import penetration in the printing industry is a particular danger because of strong evidence that customers will, if satisfied, return to the same manufacturer again. The equipment industry is especially concerned about the amount of imported machinery which is in use in technical colleges, meaning that many apprentices are from the start introduced to printing via foreign equipment, and used in Government departments.

Although there are areas where British manufacturers are relatively under-represented it remains possible, if a company chooses to do it, to establish an all-British printing shop. What is beyond doubt is that new equipment—regardless of origin—is producing radical change in the industry. In the early days of new technology smaller printers, in particular, were often doubtful about surrendering traditional production methods. The latest generation of new equipment, however, is proving itself by being reliable, easier to operate and cutting out waste, and there are signs of this earlier resistance now being overcome.

Like the printing industry itself, the machinery industry is heavily influenced by the general economic climate. There are signs that the pre-press sector has in broad terms been less affected by the recession than much of the printing press sector. Throughout the industry, however, there is considerable activity and innovation involving British-owned and British-based companies.

- Work on a new 320,000 sq ft factory at Seacroft, Leeds, for Howson-Algraphy — a Vickers group company—is due to be completed at the end of the year. The new factory, bringing several existing sites under one roof, will have facilities for manufacturing more than 7,000 sizes, gauges and types of lithographic printing plate. Howson-Algraphy's Leeds development represents the biggest single investment ever undertaken by Vickers.
- Ben Johnson and Co is currently investing £7m in new plant and equipment at York following the award of a contract to produce 28m Post Office telephone directories a year. The investment includes the first CABCON Computer Assisted Bindery Control system in the UK, supplied by Harris Bindery Systems of Slough, part of the UK subsidiary of Harris Corporation.
- Autotype, part of the Norcros Group, last year shipped 28 per cent of all the gravure pigment film and papers and other gravure products from its Wantage, Oxfordshire, factory to Japan, which is now the company's largest export market. The company, which exports 85 per cent of its output, claims that 90 per cent of Japan's gravure printing presses are dependent upon its products.
- Baker Perkins at Peterborough claims particularly strong North American sales for its G16 web offset press which offers microprocessor control of the ink supply enabling individual ink keys to be adjusted in steps of 1/100th of a mm.
- The trend towards printers offering their customers a total service from design to despatch is also developing among equipment manufacturers. Rockwell Graphic Systems, which produces a complete range of web-offset newspaper presses under the well-known Goss name, now offers its customers a total production system starting in the reel room and extending through the machine room to the despatch of newspapers.



Part of the 320,000 sq ft factory under construction for Howson-Algraphy (part of the Vickers group) at Seacroft, Leeds. It is scheduled to be completed by the end of 1981 and will be capable of manufacturing more than 7,000 sizes, gauges and types of lithographic printing plate

A positive approach to self-examination

SOME BRITISH printers, and their employees, have been accused of missing opportunities by being unwilling to accept the need for change in the industry. The accusation of resisting change cannot, however, currently be lodged against the organisations representing the industry.

An air of constructive self-examination—and self-criticism—now pervades the national councils of the industry. Much of the credit for generating this is due to the effort of the highly active National Economic Development Council printing industries sector working party, on which employers and union leaders are showing considerable willingness to work together to improve the industry's image and prospects.

Formed two years ago at the request of the British Printing Industries Federation (BPIF) and the TUC Printing Industries Committee, the working party is attacking through four action teams the problems of communication, competitiveness, exports and import substitution. It has been concerned not only to produce research material documenting the problems facing the industry, but to give grass-roots guidance to printers on how to overcome them.

Some of its recent activities include, a war on waste campaign which has led to the sector working party appointing a full-time campaign co-ordinator to help companies reduce waste levels; an analysis of 350 printing companies to try to identify the characteristics of a successful organisation; and a study of ways of improving investment levels in the industry.

Mr. Joe Hinde, brought from outside the industry as chairman of the sector working party, believes he can detect a growing realisation among British printers and print workers that growth—and possibly survival—will not be guaranteed without new attitudes. One of the issues which has particularly concerned Mr. Hinde and other members of the sector working party is the belief that the industry sometimes enjoys an undeserved reputation for unreliability. This has led to "Help Colour Our Image," a campaign to help printing companies convince customers and potential customers of the positive achievements of the industry.

An area where the wrong image can create particular harm with potential customers is industrial relations. The sector working party detects a widespread feeling that the industrial relations image of the national newspaper industry attaches itself to printing as a whole. However, the general printing industry has a very good record for time lost through disputes. Industrial relations is, in any case, one of the areas where great change is in prospect.

REPRESENTATION AND ORGANISATION

Immediately after World War II there were 17 print production unions. Today there are four, and there could be one relatively soon. New technology blurs old demarcation lines and as a result all the unions—the Society of Graphical and Allied Trades, the National Graphical Association, the National Society of Operative Printers, Graphical and Media Personnel and Slade, the process union—are engaged in amalgamation discussions with at least one of their partners. The NGA-Slade talks have this month been joined by the National Union of Journalists.

Experience in other countries shows that the existence of a single union does not necessarily solve the labour problems of new technology—but it is a big step forward in an industry which was until very recently marked by bitter inter-union rivalry.

Change has been forced on the employers' organisation, the BPIF, at a more accelerated pace. The BPIF was left in a weakened and demoralised state following one of the industry's most serious disputes in modern years with the NGA last year. It commissioned a review of its future led by Lord McGregor, former chairman of the Royal Commission on the Press, which was sharply critical of the Federation's present structure and effectiveness. Lord McGregor recommended, however, that the BPIF should continue the roles of both employers' association—dealing with the unions on industrial relations issues—and trade association. The Federation is at present engaged in a radical overhaul of its organisation in line with the inquiry's findings.

It is likely to be the autumn before the future of the two industrial training boards serving the industry—Printing and Publishing and Paper and Paper Products—is known. The Government is reviewing the future of statutory training boards as part of an investigation into Britain's training needs.

The BPIF, NGA and Sogat are at present examining entry and training arrangements in the industry to try to create a modular rather than a time-based system which would make apprenticeships more responsive to changes in technology and provide greater flexibility for retraining. Print employers believe that future training arrangements should be based upon national agreements between the BPIF and unions rather than by retaining statutory training boards, although union leaders are worried that without a statutory system the finance for training would not be available.

A review of four sectors of the industry

Labels: advances make a wide range available

THE MANUFACTURED stationery sector has understandably felt the full impact of the recession, with sales in real terms down by around 8 per cent last year.

All sectors of the industry were affected by a deterioration during the year, with smaller companies disproportionately badly affected. Sales of self-adhesive labels reached a total of £47.6m—a small increase in real terms—but this was offset by a real fall of almost 10 per cent in sales of gummed labels.

Supermarket and other food applications, pharmaceuticals, cosmetics and toiletries are among the largest outlets for self-adhesive labels. The sales improvement of this sector is important since, although it still commands less than 20 per cent of the total label market, it has seen some significant recent developments.

Technical innovation has now made it possible to obtain almost any kind of surface material—paper, plastic, metallics, laminates, fabrics—in self-adhesive form. Lower weight, higher strength papers offering special damage-resistant surfaces are also in use.

Developments in letterpress, flexographic and gravure processes have overcome earlier problems of printing on the wide range of surface materials now available for self-adhesive labels.

Developments

Manufacturers believe it is possible to achieve growth of up to 8-10 per cent a year for self-adhesive labels over the next five years. Some of this can be expected to come from developments in label requirements in areas like computer and word processor systems, and some from winning business from other forms of labelling.

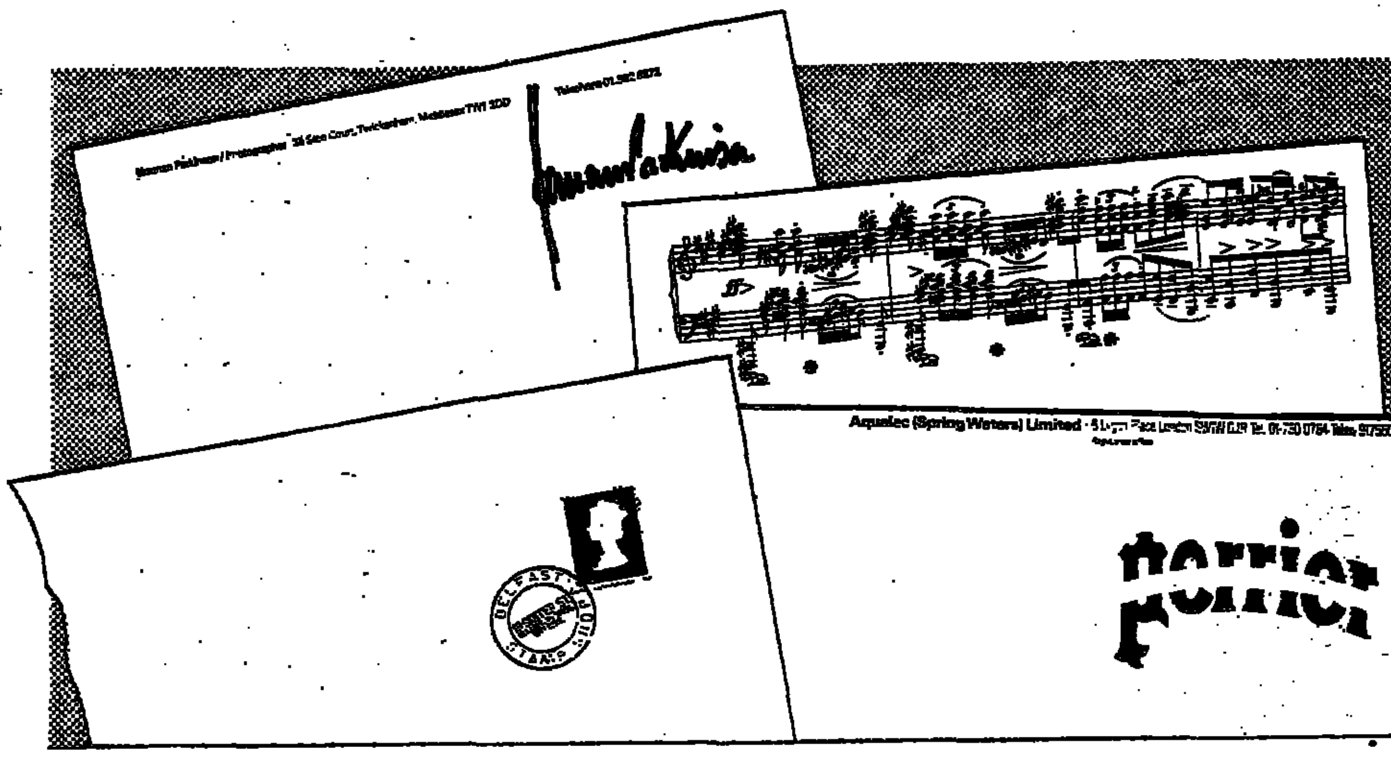
However, the more traditional gummed label—first introduced more than 100 years ago — is also undergoing advances. New particle-gummed paper can be handled by printers in the same way as ungummed material, permitting higher operating speeds and reduced wastage. Particle-gummed paper is available for use through plain paper copiers and copy duplicators, enabling many instant print shops to offer items such as gummed window stickers.

A smaller section of the total label market is taken by heat-seal labels, the biggest single use being the heatseal labelling of foodstuffs. The growth of supermarkets and pre-packaged foodstuffs should, however, provide some prospects for development.

However, the use of plain paper and cold glue-applied labels is still widespread, particularly when large volumes and high speeds are required—as in the case of soft drink and canned food labels. Bottle labelling is carried out at speeds of up to about 80,000 per hour.

All the main printing processes are used in the production of plain paper labels, although lithography is the main one, accounting for around 60 per cent of output.

Locking up the chase at Harlands of Hull, a printing firm which specialises in self-adhesive labels



A selection of imaginative letterheads. Fresh interest in high quality business stationery was demonstrated by the large number of entries for the British Letterhead Awards held this month

Diestamping: promoting good first impressions

FIRST IMPRESSIONS about a company are frequently conveyed to customers and the public through its letterhead. Authority, prestige, respectability, frivolity — or a host of other images — can all be presented by appropriately designed notepaper.

In an attempt to encourage new interest in high quality business stationery the British Letterhead Awards were held this month for the first time since 1971. The response demonstrated that there is already considerable interest: entries came from 322 companies submitting their own letterheads, 286 designers, 122 students and 82 printers. Competitions play an important part in maintaining and stimulating standards in the printing industry, and the British Letterhead Awards are now likely to be re-established on a regular basis.

"A firm's letterhead is its advance guard and standard bearer everywhere it does business, conveying status, authority, and the character of a business," said Mr Walter Goldsmith, director general of the Institute of Directors and president of the Council of British Letterhead Awards which arranged the competition.

One form of letterhead production which the printing industry has recently been working particularly hard to support is diestamping. Enthusiasts for diestamping, one of the industry's old crafts although now carried out with modern efficiency, argue that it enables letterheads to be produced with a brilliance and clarity unmatched by other methods.

Graphic potential

The craft has nonetheless lost many diestampers. Membership of the Engravers and Diestampers Section of the British Printing Industries Federation stood at 125 in the 1950s. The number is now less than 30. Recently the section has been trying to counter the trend with an elaborately diestamped series of letters aimed at convincing customers of the enormous graphic potential of photo-diestamping.

Mr Peter Royle, chairman of the section—whose own company Royle Print Ltd won many awards in the letterhead competition—says that diestamping is "simply too good to let go." The section is worried that if the number of companies carrying out diestamping work continues to decline there will not be sufficient apprentices recruited to keep the craft alive.

"Diestamped letterheads may cost a customer 1p or 2p per sheet more than other processes," says Mr Royle. "But when this is compared with items like secretarial costs, postage and other factors it is a small proportion in the total cost of a business letter. In return a customer is guaranteed a first-class image."

Although the number of diestampers has declined Mr David Pertwee, vice-chairman of the Engravers and Diestampers Section, is not despondent about the future. His own company, Baddeley Brothers, is another leading one in the sector. New developments have enlarged the field for photo-engraving and made it more economical while there is, he says, a growing market for visiting cards with diestamped logos which are then overprinted. These can be cheaper to produce than by using letterpress.

Books: British producers under strain

BOOK PRODUCTION has demonstrated in the most dramatic way the difficulties some parts of the British printing industry are facing from overseas competition.

Until a few years ago book work made a successful contribution to the fortunes of the printing industry as a whole. Between 1978 and 1980, however, the volume of books exported fell by 11 per cent while imports rose by 29 per cent. Accurate figures for 1981 are not yet available because of the civil servants' dispute, but they are unlikely to show a significant change in the trend.

The strong pound has been the biggest contributor to the movement of book orders away from Britain, although customers accuse some British printers of giving in too easily because of the exchange rate problem, and not looking for ways in which they might overcome this handicap with improved service. Domestic factors have, nonetheless, also played a part. Schools, colleges and public libraries are important markets for book producers, and these have been badly affected by public spending cuts.

Allowance has been made by the Government in the rate support grant settlements for 1980-81 and 1981-82 for a real improvement in spending on school books and other equipment of 2 per cent a year. One of the things which worries the industry, however, is that there is no machinery to compel individual local authorities actually to spend up to their permitted levels.

Book producers, union leaders and publishers have united in a spirited campaign to support the British book manufacturing industry. They have met Mr John Biffen, Trade Secretary, to protest about unreasonable trading practices overseas and recently staged a Parliamentary lobby of all MPs with book producers in their constituencies.

The book sector employs around 20,000 people and, with annual sales averaging £200m, is an important contributor to the overall prosperity of the printing industry. However, the strain it is under is illustrated by the fact that redundancies have been four times higher in book production than in printing as a whole.

Security printing: a steady and profitable market

ONE SECTOR of the printing industry which has held its head high and continued to do well in spite of the general impact of the recession is security printing.

Security printing, according to the strictest definition of the term, is the production of banknotes, cheques, postal orders and similar items. In this field Britain has two companies which are known throughout the world: De La Rue and Bradbury Wilkinson. Their long-established international reputation—and the fact that the vast majority of the promissory notes which they produce are for export—has enabled the companies to remain busy.

This is security printing in the literal sense: great confidentiality, elaborate systems to guard against forgeries and secure storage arrangements are essential business characteristics. In a modern society, however, it is not only banknotes which have to be produced under such conditions. Aero-Print, for example, has over the past decade grown into one of the world's largest security printers of airline tickets, boarding passes, cargo manifests and related items.

The company uses special security printing inks and chemically sensitised paper to prevent fraudulent alteration of tickets. Aero-Print stores its products in a sophisticated strong room at its Buckinghamshire works, and supplies more than 80m tickets a year to 80 airlines throughout the world.

Confidential

Security printing also covers much of the work of City printers which produce items like rights and bond issues and offer documents. While not requiring the same storage security as banknote printing, these companies are handling material which must remain confidential until a given time. They work around the clock and have to be in a position to deliver work of guaranteed quality and accuracy, often at very short notice.

City printers involved in this work are also in strong competition for the production of company annual reports. Some reports still do little more than meet statutory requirements, but companies are increasingly aware that they can have a valuable promotional role with a wide audience. The City printers have responded by offering a complete professional production service which can include design, copywriting and photography.

Another aspect which comes under the security printing umbrella is stamp production. About a dozen British companies are engaged in this market, and next month's Royal Wedding has produced some very sharp competition for orders between them—commemorative stamps are being produced not only in Britain but throughout the Commonwealth.

THE ARTS

Television

A bright future by CHRIS DUNKLEY

On the box it has been a week full of the sort of middlebrow treats which, it is claimed (I have said it myself) television is often so conspicuously lacking. Off the box it has been a week which has opened my eyes to the talent of young programme makers, and made me change my attitude towards the expansion of television. First, the material on public view.

The week opened with a new four-part adaptation of *A Town Like Alice* which benefited from the rule that second rate literature makes the best television serials but was, nevertheless, like the curate's egg, only good in parts. The locations in the Malayan jungle and the Australian outback looked and presumably were authentic, and there really is no substitute for proper location filming in sagas of this sort. No matter how cunning and inventive British producers are becoming as the recession bites, this sort of lush exoticism is becoming disappointingly rare, and it was good to see it back.

Good, too, to find in Helen Morse a young actress with that fascinating combination of acting ability and looks which will pull viewers back to the screen again and again. Like most of us her features, considered separately, are far from faultless: mouth too wide, nose too big, and so on. Yet the total effect, as with Julie Harris in Zinnemann's film of *The Member Of The Wedding* shown on BBC-1 the previous week, is of extraordinary beauty and freshness.

The same could not be said of the plot. It had a beginning and an end but in the middle it seemed rather like Australia itself: impressively big and awfully empty. The 937 take-offs and landings needed to get Jean (Miss Morse) to Willstown were no doubt savoured by plane freaks, but narrative consists of more than sheer length and repetitiveness. Moreover some points of the plot seemed to get lost in all that space: for instance *why* was Joe Harman forever driving up and down that Malayan road? A milk round? Tyre-testing? Who knows.

Apart from Gordon Jackson, who like Kenneth More seems to have only one acting persona so that here his much loved old family solicitor came across as identical to the much loved secret service butler he plays in *The Professionals*, one was in the end going back to *A Town Like Alice* more for the sake of the characters than for the plot.

Tuesday brought ATV's fond tribute to Crazy Gang members Bud Flanagan and Chesney Allen, a programme which could easily have sunk in a sea of nostalgia if it had relied solely on the remarkable ability of Bernie Winters and Leslie Crowther to sound like the two old troupers. Instead it was hoisted out of the ordinary by director/producer Jon Scoffield who proved long ago with *Antony and Cleopatra* what an extraordinary ability he has to suspend events in all sorts of intriguing ways inside television's luminous magic box.

Here he took Sid Colin's story, which was devoted almost entirely to the life of Flanagan, and layered biography and stage performance into a dynamic collage within which it seemed quite natural for the adult Flanagan to be on screen alongside himself at seven years old, for chorus lines to arrive kicking out of theatre programmes, and for *Bud 'N Ches* themselves to come strolling towards us down an old show bill. This last trick which could have been banal, was made striking by a high camera angle.

All the other middlebrow treats came (or anyway started) on Wednesday. *Inside Wimbledon* was a traditional behind-the scenes documentary replete with predictable sequences: tough training for ballboys, lessons in serving smoked salmon, low-shots of turf being watered and so on. There was consequently a feeling of pot and kettle about the tired claim, describing sports journalists, that "the clichés wing their way down the wire to Fleet Street." Wings down a wire?

Although Adam Raphael's revelations about Wimbledon membership and finances in the previous Sunday's Observer showed what real journalism can do with a subject such as this, there's no denying the programme was a proficient enough documentary of the *Look At Life* variety. But there is no denying either that it served very nicely, thank you, as a 55-minute trailer for the BBC's main annual business with the All-England Lawn Tennis And Croquet Club which is, of course, its exclusive contract on Wimbledon fortnight.

John Keats on BBC2 will have pleased all those Victorians who like their poets young, beautiful, romantic and tragic, proclaiming their poetry to the air and clenching everything (teeth, fists and so on) in the interim. It has been claimed that there were traces of Ken Russell's style in this programme. On the contrary, it looked as though the producers had never heard of Russell, the best maker yet of the television arts biography. His programme on the last years of Delius, *A Song Of Summer*, has still not been equalled though it is now more than 10 years old.

And finally *Cosmos*, a 13-part series of which I had high hopes having praised the American presenter, Carl Sagan, highly for his 1978 series of Royal Institution Christmas Lectures for children on BBC2 called *Planets*. Since then, unfortunately, he has acquired a sackful of mannerisms: not only does he pronounce "cosmos" to rhyme with "buzz-dose," he also talks perpetually of "we yumans" and spouts portentous travelogue-style commentary ("we float like a mote of dust in the burning sky . . . the cuzzmose is full of exquisite relationships . . . the universe is rich in mystery") and his grin-to-camera is altogether too matey for a chap one has scarcely met—and yet . . . And yet there is something exhilarating in watching one man take on the biggest topic of all, and with great verve and enthusiasm.

And now, off the box, those eye-opening programmes by young people. When I served last month on the jury to choose the Short Film Of The Year for the annual Grierson Award I was struck (as were all six jurors, I believe) not only by the large number of entries from the National Film School—six of the 16 finalists, as I recall—but by their astoundingly high technical standards. Unwilling to separate the final two we gave awards to both Paul Bamborough's glossy science fiction comedy *The Tom Machine* and to Jerzy Kaszubowski's spiky monochrome biography of his grandfather who once charged with the Polish cavalry.

Not only do these two films deserve national screening but all six NFS entries were of broadcast standard. Yet it was not the products of that one school alone which changed my previous scepticism about our ability to support and supply the huge expansion of television we are being promised in the next 20 years, with Channel 4, breakfast television, and then cables, satellite transmission, and whatnot all demanding a vast increase in programme material.

That change of mind came last week after I had visited the degree show put on in London by students from the Royal College of Art's School of Film and Television, and served on another jury, this time to choose the winner of *Nationwide's* Baird Trophy for the best five-minute programme shot by school children on portable video equipment. Radio Rentals supplied the equipment; and 500 schools entered outline shooting scripts.

Neither the RCA graduates nor the school children (naturally enough) matched the standard of the NFS. Moreover the RCA material leaned towards the old-fashioned, for instance a feminist tract about pornography which showed, throughout the entire 10 minutes I watched, only the window of one dirty bookshop, the sort of thing the ICA was always showing in 1969. *Holiday Of Miracles* looked like a coloured version of the experimental surrealist films of the Twenties, and although *Trapped* was more interesting in mixing archive film and stills into its original material, it too looked stylistically derivative. Specifically it brought Christopher Nupen's work to mind. But students have to learn from someone and at least thinking of a sort is going on at the RCA School of Film and Television. Some viewers, given the chance, might find it all quite fascinating.

However, it was the Baird Trophy which really changed my thinking. No doubt some of the 12 final programmes we watched were pretty heavily influenced by teachers. Some days after helping choose as the winner the entry from Southgate School, Cockfosters, which dealt appealingly with children's attitudes towards nuclear war, I discovered that earlier this year the school (proving wiser than the BBC) had shown its 5th and 6th forms Peter Watkins' *War Game*, and that put the children's efforts in a slightly different light.

But that is not really the point. The point is that this competition proved that in schools all over the country there are children who can express themselves as well—if not better—with videotape as with paper and ink. It has often been predicted that young people would one day feel as much at home with cameras as with pens, and together my three experiences have convinced me that at last it really is happening.

A scene from Trapped

Young Vic

Godspell by ROSALIND CARNE

Forget the hard stuff—chemical or spiritual—*Godspell* treats us to the softer side of '60s rock. JC is a spangly tail-coated pretty boy, surrounded by a pleasingly heterogeneous company, whose varied talents raise this period piece into an enjoyable and, if you're on the sentimental side, possibly even moving occasion.

After the swelling chorus of the opening number, Stuart Mungall's revival slides through parable and narrative, only hinting at the cast's true promise. Music makes the show, but at first the mood is sweetness and the sound lacks punch. Goodness or godliness seem nigh unto drippiness, but there is a taste nearer honey in Jenny Galloway's husky "Day by Day." Trudie Goodwin follows it up with some fine tight rhythms in "Learn Your Lessons Well."

The male disciples are adequate, but the women are genuinely impressive, especially a plump dark haired dancer named Nicola Blackman. Her potential is obvious from the moment she steps on stage in classic hippy outfit, wraparound skirt of Indian cotton and clingy crepe shirt. We wait till the second half for her number "Turn Back Oh Man" and she fulfils all her promise as both singer and mover, fiercely sexy, to the possible consternation of certain helpless members of the audience.

Timothy Whitnall as Jesus is sticky-sweet to the point of soppiness. Herein lies his peculiar charm, and he gets every inch of masochistic mileage out of the part of a life-time without even bothering to act. For the crucifixion he hangs off a cross of two ladders while a splendid light show does the work for him.

The technical finesse and sharp direction of the closing scenes stand out after much that is messy in the opening. Simon Tutchener's clever lighting heightens the confrontation of the Last Supper by silhouetting Christ's figure as his followers gather around the stark white table.

The technical team have worked successfully with minimal means, making the most of this theatre's heavily raked stage, decorated in startling psychedelic colours for the occasion. The visual patterns, together with the familiar tunes and some neat choreography, make for an uplifting finale.

Judging from the conversation in the coffee bar, *Godspell* has become something of a cult since it first hit Broadway in the late '60s. It's slick, smooth, easy listening with all the pleasures of a trip down memory lane. An innocent sexy Christ figure with swinging hips and some melodious numbers is irresistible. I'm not sure if it's harmless fun or cheap thrills.

Leonard Burt

Timothy Whitnall as Jesus

Glyndebourne

Il Barbiere by DOMINIC GILL

At the cast-change of John Cox's new Glyndebourne production of *Il barbiere di Siviglia* —reviewed here at its premiere earlier this month by Ronald Crichton — only the first-lady and the conductor are new. The Israeli soprano Zehava Gal replaced the Rosina of Maria Ewing: a bright, firm voice, agile and well-tuned, without any strain in either the highest or lowest registers of Rossini's exigent soprano range, who can shape a *fioritura* with the music (not against it, glued on like a showy afterthought). The manner is quick and coquettish; facial expressions, and the movement of hands and legs, are nervous, abrupt. The effect is not unsympathetic: the portrait is that of a refreshingly sharp-witted Rosina who knows quite enough already and more than most, of what life and love is about. There was a distinct impression that she knew rather more even than she ought during her "Una voce poco fa;" and in her "Io sono docile," more than a suspicion of tongue-in-cheek.

Elgar Howarth took over the conductor's baton from Sylvain Cambreling on Monday to give a bright and shapely account of the score. Some of the staccato attacks, especially in the overture—played unfashionably but correctly in this production to a closed curtain—were maybe a little too sudden and unyielding for the Glyndebourne theatre's very dry acoustic. But in the main it was a reading notable for its sensitive shaping and careful pacing (the accompaniment to the little trio "Zitti, zitti, piano" was uncommonly clear and delicate).

A strong cast, headed by the admirable, youthful Almaviva of Max-René Cosotti and John Rawnsley's energetic Figaro, otherwise remains the same. Claudio Desderi's Bartolo is unusually engaging: conceited bumbler and fool, but not a clown, far out of his depth, content to concede defeat graciously. Ferruccio Furlanetto has discovered a nicely original line in loony music-teachers: would that they were all so easily pleased (and so easily bribed). William Dudley's sets unfussily lit by Robert Bryan, are colourful, economical and attractive. John Cox's deliberately unostentatious and intimate production may not be to the taste of those who like their *Barbiere* with all the "traditional" knockabout trappings—to which it is clearly a conscious antidote. But it moves with exceptional smoothness, and at every turn, especially at the trickiest moments (the serenading business of the first scene, the "music lesson" scene, the denouement), makes exceedingly good sense. A *Barbiere* of quiet sparkle, rather than vulgar glitter: and all the better for that.

Arts news in brief

The Miraculous Circumstance, Barrie Gavin's film of the music of Bela Bartok shown on BBC-2 on March 21 this year, has won the top award in the Golden Harp Festival in Galway.

*

The West End show *Annie* is to be taken on a long tour of the provinces.

The award-winning musical will end a run of nearly four years at the Victoria Palace on November 20, and begins its provincial run at Bristol Hippodrome on December 22.

*

The 1982 World Music Days of the ISCM will be held in Graz, and other parts of Styria, from October 29-November 7 as a focus of the Styrian Autumn Festival, Austria. A British reading panel will select works for submission to the International Jury.

Grosvenor House

Andy Williams/Sarah Vaughan by MICHAEL COVENEY

The Great Room of the Grosvenor House may be ideal for balls, conferences or fashion shows, but it is a cruel place for music. The stage is a mile wide, the audience of diners scattered over a large, unconcentrated area, and the acoustics cavernous. Over the past three years I have seen Lena Horne, Count Basie, Ella Fitzgerald and Oscar Peterson all swim valiantly before sinking.

Andy Williams and Sarah Vaughan are the latest to walk the plank of this soulless ocean-going liner with its saumon frais, sauce verte and constituency of businessmen determined to enjoy themselves at £50 (excluding wine) per head. The impossible conditions and lack of atmosphere result in a sort of unyielding cynicism in performance. Andy Williams leaps into "Moon River" in order "to get that one out the way." Sarah Vaughan opens up with an incomparably vulgar version of "Fascinating Rhythm," while Nelson Riddle, immobile and haggard like Klemperer, presides diffidently over the impersonal blare emanating from the band.

Sarah Vaughan is quite large these days and, mopping her brow as she lolls around in voluminous pink frock, she takes on the appearance of Ella Fitzgerald's younger sister. In vain, though, did we wait for any telling demonstration of her astonishing vocal range. In "Misty" and "In a Mellow Tone" there are snatches of the characteristic deep contralto, and "Send in the Clowns" starts off with some lovely decorations in the upper register. But the musicianship is minimal.

With Andy Williams, who has neither the finesse of Mel Tormé nor the jazz instinct of Sinatra, you don't even get good songs. One number, about a priest encouraged by God to tell a beautiful girl he adores her, is from the musical *Beyond the Rainbow*. No wonder it flopped. Then there is "*MacArthur Park*" with its priceless lyric "Someone left a cake out in the rain/I don't think that I could take it because it took so long to bake it/And I'll never have that recipe again." Any man who can sing that as if he cared must be kidding. The long orchestral break, however, gives the band a chance to let rip, and Riddle's collection of British session men—including Jonny Franchie and Bill Povey on saxophone, Harold Fisher on drums, Derek Watkins on trumpet — take their chance.

Elizabeth Hall

Vegh Quartet by ANDREW CLEMENTS

It is some years since Sandor Vegh has appeared in London as the leader of the string quartet which bears his name. The personnel of the Vegh Quartet has changed comprehensively over the years, and for Monday's concert in the Elizabeth Hall Mr Vegh brought with him the violinist Erich Höbarth, the violist Rainer Moog and cellist Karoly Botvay.

Sandor Vegh himself is held in high affection and esteem by many generations of string players in this country, and they constituted a large part of the audience, both aspirants and hardened professionals. Buoyed up by the fans, the evening could so easily have fallen into disappointment: Mr Vegh is now at an age when most violinists would be confining their activities to some gentle teaching, and his distinguished colleagues cannot have played together as a quartet with the single-mindedness one might expect; Mr Moog and Mr Botvay at least have thriving solo careers to sustain.

It proved to be an evening of almost unalloyed pleasure. If intonation did occasionally leave a little to be desired, ensemble could rarely be faulted. Through Bartok's first quartet, Beethoven's Op 95 in F minor and Schubert's A minor quartet Mr Vegh led the most supple and refined of readings. To anyone used to hearing the powerful transatlantic quartets in the Elizabeth Hall, the scale of the playing took some adjustment; there were moments—especially in the first and third movements of the Schubert—when the first violin was reduced to the barest scrap of sound, a contribution sensed more than heard. But the variety of inflection, the way in which the rhythm of the scherzo of Op 95 was subtly varied at every reappearance for instance, was something to marvel at.

Mr. Vegh's approach — for though every member of the quartet made his presence count, the music was guided by him—would not satisfy all tastes on all occasions. Bartok's first quartet has more bite to be extracted; the lyricism of Beethoven's F minor quartet need not predominate; the pain in the Schubert can be more vividly imagined. But as interpretations recollected in tranquillity, they could not be bettered, and there were many moments to treasure.

Coliseum

The Sleeping Beauty by CLEMENT CRISP

Nureyev as choreographer and producer of *The Sleeping Beauty*—this week's offering in the Nureyev festival—seems at odds with Nureyev the star dancer. The production, in its dramatic stance as in Georgiadis' grandiose designs, is powerful. The pacing of the action is intelligent, and Georgiadis' evocation in the Prologue of the kind of palace known to the Electress Sophia, all stone and glinting brocades, is wonderfully sure, as is Nureyev's expansive view of the Awakening and of the sarabande that opens the third act, which might be a court entertainment designed by Filippo d'Aglié in Turin in the early years of the 17th century.

But in this well-conceived historical setting, the Petipa steps have been brutalised and Nureyev's decision to complicate the role of the Prince leads to such excesses as the interminable solo he has given himself in the Vision scene, using the violin entr'acte music from the panorama. His embroideries and interpolations are too much for the proportions of the work and, though the public comes to see Nureyev the star dancer, the law of diminishing returns applies to the arduous—evidently arduous nowadays—variations in which he sets himself the seeming impossible.

Nureyev's charismatic presence of course holds the staging together for his public, but the sight of a great dancer impelling himself through yet another exhausting compendium of steps, rather than setting his phenomenal powers at the service of a more reasoned concept of the prince, makes for uneasy viewing. With half the steps Nureyev would be twice the hero.

His Aurora was Eva Evdokimova, very bright in manner and opting for a certain amount of obvious bravura which ultimately detracts from the development of the character from youthful princess to radiant bride. The support by Festival Ballet showed dancers doing well according to their lights, albeit the lights are variously dim, and the company style looks arch, constrained. The performance of the evening, for me, was Evelyne Desutter's elegant, unforced and sweetly clear view of Florine in the Bluebird duet: classicism uncluttered, the dance fresh, the characterisation delightful.

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Opec meets a price barrier

FOLLOWING Opec's price freeze in late May, the oil producers' Long Term Strategy Committee moved last week in Geneva to revise plans under which a unified Opec oil price would crawl upwards to reflect inflation, growth and currency fluctuations in the industrialised world. The Ministers of the six Opec nations involved were reacting to what they feared might be a fundamental reduction in the West's propensity to consume oil.

The development provokes a mixture of satisfaction and concern. It is encouraging to see the message getting through that energy saving, coupled with alternative sources of oil and other forms of energy, can provide a long term upper limit to the price of crude. Saudi Arabia's over-production of oil does not, after all, derive from altruism but from a canny perception that the West needs to be given some line if it is to remain on the Opec hook.

Stable formula

On the other hand there is the fear that the complacency of the mid-seventies will recur and that either an economic upturn, or, the next political crisis in the Middle East, will drive the oil price upwards again in a fresh display of volatility. Is this the moment, therefore, for the oil consuming nations to co-operate with the oil producers and work out a stable pricing formula for the future?

Such a pact would, in theory, provide advantages to both producers and consumers. A stable, or predictably escalating, price of oil would provide a continuous measured stimulus to energy conservation in the industrialised countries. It would allow all countries, rich or poor, to formulate economic policies with greater confidence. It would remove strains from the foreign exchange and international capital markets.

Influence

The practical difficulties involved are daunting however. There is bound to be heavy scepticism among consuming nations as to whether a price agreement would be worth more than the paper it was written on. It is hard to see how the Arab Opec members could credibly sign away the "oil weapon" which has given them such influence over the last decade.

There are also obvious differences between oil producing countries which make them an incoherent bargaining partner. Saudi Arabia has an interest in stretching out the West's oil consumption into the future. Mexico, on the other hand, would prefer to exploit the West's current oil dependence to the maximum to pay for the development of its economy.

But the most important practical problem is that any price fixing agreement, whether it be for oil, for other commodities or for exchange rates, must ultimately conform to the reality of the market place unless there is scope for limitless intervention by one of the participants.

It is impossible to predict what price will equate supply and demand for oil in the years ahead. There are those who argue that the real price of oil may already have reached its long term equilibrium level against alternatives. There is the British Department of Energy which still believes there is a chance that the real price of oil could double over the next 20 years.

Amid such uncertainty the price formula embodied in the Opec long-term strategy was courageous — too courageous not to be revised. It would have increased the floor price of crude oil by between two and 3 per cent a year. Such a formula could require a sustained ability on the part of the oil producers to cut back on oil production as price reduced demand. Once Opec's dwindling current account surplus was eliminated the price formula would demand an improbable degree of economic self-denial by oil producing developing countries.

Pipedream

Given the disparate, and often passionate, interests involved a price stabilising commodity pact on oil must remain a pipedream. There are grounds for hope, however, that upward lurches in the oil price may be milder in future. On the demand side, price deregulation has seen to it that future rises in the price of crude will feed through more quickly to the consumer and thus to consumption. On the supply side, the share of world output in the hands of those who can arbitrarily reduce supplies is falling while that in the hands of revenue hungry producers is mounting. Cheap oil was a weapon; expensive oil is on the way to becoming a commodity.

New ideas for new jobs

THE NUMBER of people out of work in Britain has now doubled since the 1979 General Election. As school leavers start to enter the job market in their tens of thousands, the seasonal bulge in unemployment will probably take the jobless number over the 2½ million mark next month. By the late summer the headline unemployment figure, unadjusted for seasonal factors, will almost certainly be within a whisker of the magic number dreaded by many Conservatives politicians —three million.

Resources

Nobody can deny the gravity of these figures as an indication both of the resources being wasted in the national economy and of the individual hardship being suffered by an increasing proportion of the British people. It is small consolation that the trend in unemployment has taken a turn for the better. June's seasonally adjusted increase, excluding school-leavers, was less than half the monthly rate of increase during the winter. The time when unemployment may actually start falling and vacancies start rising decisively is still a long way off. Until that time arrives, the Government will not win much public acceptance for the view recently put forward by Sir Keith Joseph that the continuing flow of hundreds of thousands of people off the unemployment registers each month gives a better indication of the nation's economic vitality than the crude unemployment totals.

However, the state of public opinion suggests that the Labour Opposition has not gained much political capital from its largely unconstructive approach to the unemployment problem either. Simply intoning dire statistics and denouncing government policies does not convince the public that the Opposition has a coherent set of alternative policies for dealing with unemployment and inflation simultaneously. Accusing the Government of deliberately creating unemployment is very much easier than explaining how the British economy should cope with a problem that is also growing in other industrialised countries.

It is to be hoped, therefore, that today's Commons debate on unemployment, which is being treated as a major event by both sides of the House, will move beyond ritual denunciations and concentrate instead on concrete proposals that could put some of the jobless back to work. Whatever macro-economic policies are to be followed over the coming years, there will be a need for new ideas to take people, young people particularly, out of the dole queues.

There are many ideas being proposed by thinkers and practical people spread right across the political spectrum. It is time for some of these proposals to be fleshed out and debated more seriously. The unions, which claim to support "work sharing," have a duty to explain how cuts in working time should be financed, whether by lower weekly wages or by higher hourly productivity in which case "work sharing" will not create new jobs.

Subsidies

Those who support paying job subsidies to employers must explain where the money is to come from and how exactly the subsidies should be spread. On the Government's side, the case that public money might be used more efficiently on well-designed and limited measures to increase recruitment rather than on simply paying unemployment benefit cannot be dismissed out of hand.

The Government's own ideas, which rightly concentrate on youth unemployment, training and retraining, need to be finalised and implemented with a greater sense of urgency. Thousands of young people have already learned valuable skills and disciplines from the work experience programmes devised by both the present and last governments. Further action must not be obstructed by political doctrine or by vested interests, particularly in the trade union movement, which sometimes behave as if preserving the *status quo* in their particular job market is the most important of all social and economic ends.

A SURPLUS OF SUPERTANKERS

Becalmed on a sea of oil

By Andrew Fisher, Shipping Correspondent

IN the steaming heat of Brunei Bay, just north of the equator, six supertankers are lying idle while their owners decide whether to scrap them or hang on in the hope of better times in the oil market.

The ageing oil product carrier, British Gull, is acting as a floating caretaker for these —and several smaller laid-up vessels—which float at anchor sealed up with dehumidifiers to protect them from the sticky climate.

Three of the large ships in this tanker graveyard are owned by British Petroleum.

"We have a fleet that reflects the business requirements of 10 years ago," said Mr Ralph Maybourn, general manager of BP Shipping. "It is not a fleet that matches our requirements now."

Thus last week, just before announcing its world record £624m rights issue, BP disclosed that its tanker fleet was to come down by a further six ships, reducing it to 46 tankers. The company also warned that more sales may be on the way, since the slackness of world oil markets had severely cut demand for tankers, especially for very large crude carriers (VLCCs).

There are about 700 of these giant tankers, some laid up, but most of them crawling around the world's oceans at slow speeds to save fuel and keep their cargo off the oil market for as long as possible. If there was a financially painless way to remove about one-third of this capacity, tanker operators would be much happier people.

The age of the supertanker is not yet over. But it is on the wane, a mere decade or so after it began.

The industry is now suffering from the effects of the costly over-ordering of the late 1960s and early 1970s, even though most of the operators reined in their spending after the 1973 oil crisis. Increasingly, VLCCs have come to be seen as clumsy and inflexible seagoing dinosaurs, swiftly being overtaken by unexpected evolutionary pressures in the shipping market.

One result of this is that BP now has three of its big tankers — British Progress, British Purpose, and British Resource — lying idle in Brunei, where it also manages the lay-up unit for other companies. The third of these ships has never carried a drop of oil, having been laid up straight after delivery seven years ago. (BP intends eventually to re-engine this 270,000 dwt tanker for later use.)

BP is by no means alone in having tanker problems. Shell Tankers BV, part of the Dutch end of Royal Dutch/Shell, also revealed last week that it plans to cut its fleet from 35 to 25 vessels in the next few years, with most of the casualties to come at the VLCC end, generally defined as anything over 175,000 or 200,000 deadweight tons.

The world's biggest oil company, Exxon of the U.S., has trimmed its fleet by 75 ships in the last six years, starting with the 50-90,000 tonners and then moving up to the near 200,000 tonners, the last of which was sold last year.

"We have a much younger fleet than other oil companies," said Captain Ed Coppenrath, transportation manager of Esso Europe, part of Exxon. But he reckoned that the group still had up to six tankers too many, all big ones. It currently has 38 VLCCs and nine ULCCs (ultra large crude carriers), the latter exceeding 320,000 dwt.

The fate of many of the lumbering and increasingly uneconomic supertankers is to be broken up in Taiwan, where the yards which specialise in destroying ships for scrap pay around $4m each for them. According to H. P. Drewry, shipping consultants, 23 tankers were sent for scrap in May alone.

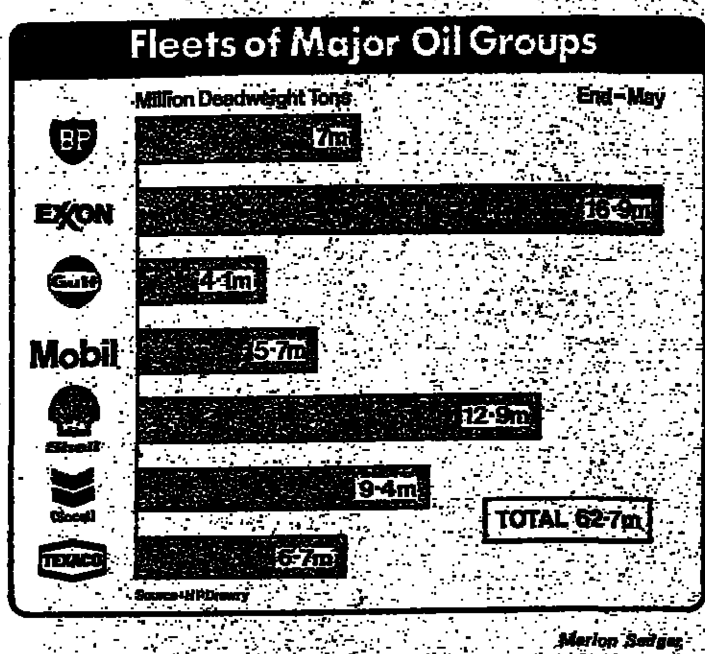
Set against the actual replacement cost of $100m or so for a VLCC, this scrap price is minute. But for companies like BP, hauling less oil from the Middle East and more from Alaska or the North Sea, it can be more economic to scrap a big ship than to keep it ticking over in the vague hope that demand for oil will eventually improve.

Brunei Bay is not the only place where shipowners put their tankers aside. Several of the 45 VLCCs of over 200,000 dwt reported as laid up at mid-June by E. A. Gibson Shipbrokers are in icy Norwegian fjords. Others are in Greece, and altogether nearly 12m dwt of VLCC tonnage was laid up this month. The two largest, both over 423,000 dwt, were in Norway.

Most experts in the industry, whether at the oil companies themselves or in the shipping market, see no prospect of an upturn on the tanker side until well into the 1980s.

Clearly, the rate of scrapping will go up, but Taiwan's capacity is in full use and countries like South Korea or Pakistan have only limited scrapping facilities. With the steel market also in recession, the metal from the broken up vessels also fetches less.

Glyn Genin



Merion Saigas

WORLD TANKER FLEET*
(deadweight tons)

	Total tonnage	Tonnage over 175,000 dwt	Tonnage on order	On order over 175,000 dwt
	m	m	m	m
Seven major oil groups	62.7	47.9	1.7	none
Other oil companies	68.2	30.8	4.1	1.1
Independents	191.6	110.6	13.2	0.96
Total	322.4	189.3	19	2.1

* End May 1981 — Source: H. P. Drewry

Increasingly, the very large tankers have come to be seen as clumsy and inflexible seagoing dinosaurs, swiftly being overtaken by unexpected evolutionary pressures in the shipping market

The one million ton tanker, so confidently predicted a few years ago, has now become no more than an idle fancy. The largest tanker currently afloat is the 565,000 dwt Seawise Giant, which sailed on its maiden voyage in April this year only two-thirds full. Owned by C. Y. Tung of Hong Kong, it was originally a 422,000 dwt. tanker which was sliced in half in a Japanese yard and "jumboised." Japan was also where it made its first and almost certainly unprofitable oil delivery from Iran's Kharg Island, having waited several months for a cargo.

Mr Ronald Ilian, the managing director of BP Shipping, said in Copenhagen last month that the VLCC sector was giving the most concern to tanker owners. "The total tonnage, excluding combined carriers, is approximately 190m dwt, but it is estimated that demand is only about 120m dwt, the surplus thus amounting to approximately 70m dwt (say about 250 VLCCs)," he said.

Mr Ilian's speech was based on the likely effects of new—and expensive—safety and pollution requirements worked out by IMCO (the Inter-Governmental Maritime Consultative Organisation), a London-based agency of the United Nations.

Most of the newer VLCCs already have inert gas systems (IGS) to prevent explosions on board and crude oil washing (COW) gear. But the older ones are clearly vulnerable. He said that something like 16m dwt of VLCCs, equivalent to 80 ships, might have to be scrapped in the next two years as a result of the new rules, still to come fully into effect.

He thought the biggest impact, however, could be felt in the 50-100,000 dwt medium range. Of a total of some 50m dwt in this category last year, two-fifths was at least 15 years old and a further 9m dwt between nine and 14 years. Little of this has modern anti-pollution equipment.

Meanwhile a further 10m dwt of the medium carriers has steam turbine propulsion which is inefficient and expensive to run and which is too expensive to convert.

"It seems likely, therefore, that a significant proportion of this old tonnage will be scrapped rather than continue in operation in the post IMCO world," Mr Ilian said.

In the meantime slow steaming throughout the world's tanker fleet is estimated to mask well over 50m dwt and possibly even 80m dwt of overcapacity. On a rough estimate, every reduction of one knot in speed absorbs some 20m dwt when spread across all ships.

"Lower speeds are surely here to stay," Mr Richard Tookey, marine co-ordinator for Shell International Petroleum, said in a speech this spring. "If it makes economic sense to operate ships—or to design new ones—at speeds of 12-13 knots instead of 15-16 knots, then this is what the industry will do." This is doubly true when fuel costs more than $240 a ton.

Encouragingly, however, he believes there is a future need for "a very substantial volume" of VLCC business, "even if statistical equilibrium still looks a long way off." On the lowest estimate of future demand, there would still be a need for around 80m dwt or 320-350 ships. "This is a very great deal of tonnage in anybody's language, even if it is less than half of today's fleet."

MEN AND MATTERS

Plumbing Liddy's iron will

"Strike a match." I said to Tex, and locked my eyes into his . . . I put the unburned outside of my left forearm over the flame. As the fire burned through my flesh and melted it into a blackened depression, a look of horror came over Tex . . . It was so deep I had endangered the tendons that operate the wrist. Finally satisfied that my will was invincible, I was ready."

That is the sort of dedication which it took to get on in American politics during the Nixon era. The writer is lead Watergate plumber Gordon Liddy telling in his newly-published autobiography "Will" of an amusing moment he shared with fellow prisoners while awaiting trial for his part in the break-in whose cover-up led to the downfall of the President.

A genial, twinkling-eyed Liddy was in London yesterday to talk about the book, the merest edge of scar tissue showing below the cuff of his dapper suit. His 20-year prison sentence was commuted to eight by President Carter, and parole saw him a free man in September 1977. Since then he has written two books, is preparing a third, and has started both a television production company and a corporate security consultancy with offices in New York and Nevada.

"I assure you that I am not armed," was Liddy's engaging opening line yesterday, a comforting one in view of the near-erotic pleasure which he appears to derive from the possession and use of lethal weapons. Proud of his silent loyalty to the President in the aftermath of Watergate, he had some waspish words for his more loquacious White House colleagues.

"Say we were on the deck of the Titanic," he offered, "Dean would be struggling to get into the lifeboats ahead of your mother, Magruder would be struggling to get in ahead of his own mother."

Liddy's philosophy of life is horrifying — a kind word for the Waffen SS for doing well in battle, a willingness to kill American columnist Jack Anderson whom Liddy considered to have endangered national security. For Anderson, Liddy deliberated between drugging him while he was driving, poisoning his aspirin, and arranging a street mugging.

Liddy's vendetta with Anderson observes, apparently, a statute of limitations. The two have since met, "and I told him, *la guerre est finie*," smiled the would-be assassin.

Liddy admires President Reagan, though he does not plan to seek political service once more. He enjoys recounting how he and fellow Watergate conspirator Howard Hunt were guests at a party given by journalist and political theorist William F. Buckley to celebrate the 15th anniversary of Buckley's television show, shortly before Reagan was shot.

The President telephoned Buckley with a message of congratulation. "And Mr Buckley, irreverent wit that he is, replied, 'Mr President, I have here Mr Gordon Liddy and Mr Howard Hunt. What are your instructions?' And you could hear President Reagan strangling over the phone."

Cold comfort

Without doubt the Joy of Sex played a substantial part in making Mitchell Beazley into one of Britain's fastest growing publishing houses. But, since American Express took over last year, the book has obstinately failed to do the same for James Mitchell's ambitious plans to lead the company into the bright new uplands of the video boom.

Though Alex Comfort's 5m-selling DIY to the carnal arts has long enjoyed an uncontroversial shelf life, putting the thing on cassette has stirred the California-based geriatrician into demanding, and getting, a written undertaking that the video should not be done as straight "live action" film.

How the publishers are to circumvent this hitch remains a mystery. Though the book was illustrated with tasteful drawings, a cartoon would surely be frivolous; and stills with voice-over would be little advance on the printed version. Comfort assured me that he had the answer, but was not prepared to reveal it, nor endorse an MB production until further terms had been hammered out.

He was, however, confident that agreement would eventually be reached. "Mitchell has got a reputation for producing beautiful books and he doesn't want to sell anything downmarket," the doctor told me.

On the Ottoman

"Our Word, Our Bond" says the motto on the wall of the Queen's Room of the Baltic Exchange. Which is pretty much how it goes with the Ottoman Bank, which held its annual meeting there yesterday, since the cosmopolitan institution does not bother with flim-flam like consolidated accounts.

After last year's annual meeting at the Great Eastern Hotel which kicked off with shareholder accusations that it was unconstitutional in the first place, and continued with two hours of wrangling over hidden reserves and Luxembourg investment subsidiaries, this was a subdued affair.

The bank was choosy about whom it let in—name, affiliation, identification, sign here please. And British chairman Michael Babington Smith decided not to put his head above the parapet this time, leaving the conduct of the meeting in the able hands of his French opposite number, Bernard de Margerie.

But even David Bowen, doyen of the Ottoman dissidents, was in a jovial mood, thanking the Board for additional details of subsidiary operations.

The bank slapped down last year rumours that it was sitting on undisclosed treasure chests of gold, but the exotic winds of the Orient still swirl around its skimpy annual report. Registered in Turkey, but allowed to operate as a foreign bank, it trades principally in that country, with other branches spread through Syria, Lebanon and Libya. It continues to fight for compensation for its nationalised Tehran bank.

Bright side

"Beware—blind con-men on the prowl" warns the Zambia Daily Mail. But let it not be thought that Britain's headline writers cannot rise to the right occasion. "Mobs on rampage—but no pubs damaged in Peckham," reassures catering trade paper the Morning Advertiser this week.

Observer

John Lloyd reports that Labour and the Unions are laying the foundations for their next period in government

How the TUC is reshaping Labour policy

THE LABOUR Party's deep and public rift has deflected almost all attention from its policies—gamely though Mr Michael Foot insists that attention should still be paid to them. Yet the process of policy-making is going ahead, as the general staff of the Labour movement lays the foundation for what it expects to be the next Government's programme.

The party's continuing crisis has certainly made some policy-makers wonder whether their work may be in vain if their party becomes unelectable. But that point has not been reached: and it is the concern of a number of those involved in policy drafting that it never is.

Earlier this week, the TUC-Labour Party Liaison Committee agreed on a document, "Economic Issues facing the next Labour Government." After minor changes and approval by party executive and TUC general council, that will go to the conferences of both in the autumn. It is the basic programme of the party—and more importantly, of the Labour movement—on which its appeal to the electorate will be based. The hope is that this new document is also wide enough for all the Labour movement to stand on.

A major feature of the work on the document has been the important role played by the TUC representatives. But the trade unions themselves are far from possessing a united approach. On Monday, the Transport and General Workers, the most powerful of them all, expressed its aversion to most conceivable forms of industrial democracy. And yesterday it also reiterated its opposition to incomes policy.

Partly for this reason the new document does not deal with incomes policy head on.

(The main features of the emerging "social contract" are summarrised above.) At its heart is a blueprint for a society where planning is accorded a much more central place than has been attempted since the abortive National Plan run by the short-lived Department of Economic Affairs in the mid-1960s.

Trade, money markets, investment funds, industrial growth, manpower, prices—all would be subject to a greater or lesser degree of planning through a variety of instruments, some already in existence, others to be created.

LEN MURRAY

A crucial role

INDUSTRIAL DEMOCRACY AND PLANNING

THE NEW document sets its sights on the needs for a consensus on "social reform and the distribution of income and wealth." Its major objective is to bring about a return of full employment, to be achieved by a planned injection of substantial spending power into the economy.

The draft proceeds by considering the main constraints such an objective would meet, and outlining policies needed to overcome them.

Balance of payments: Pressure on this could be eased by (a) seeking a reduction in the strength of sterling; (b) setting limits on manufactured imports; (c) making "the case against monetarism abroad as well as at home"; (d) getting oil surpluses recycled; (e) lightening the weight of debt on the Third World.

Public sector finance: A higher level of public borrowing is not seen as an obstacle to expansion. Steps would be taken to "ensure that the City cannot throw up obstacles to our plan for expansion." Greater use of index-linked National Savings and Government stock will be investigated.

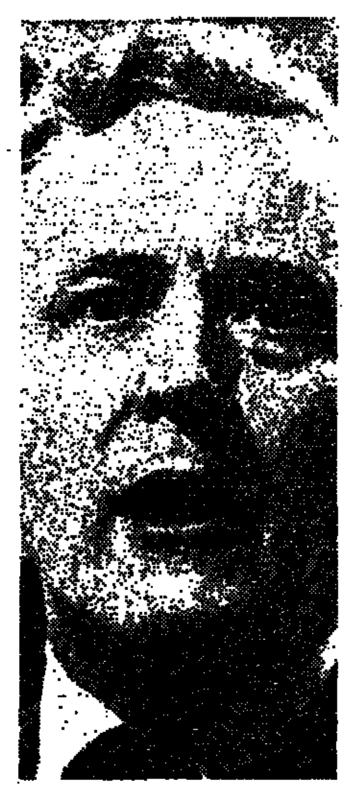
Industrial bottlenecks: Shortages of components, semi-manufactures and capital equipment are foreseen: a study would be made of where the shortages are. They would be minimised by a use of "new industrial powers, planning agreements, the National Enterprise Board and the proposed National Investment Bank."

Inflation: A Price Commission will enforce controls on prices. Less precise is a suggestion for voluntary wage restraint based on the effective working of the Price Commission, and on the active involvement of unions in economic management.

Skilled labour: Skills are seen as being wasted, or mismatched. Urgent, short-term measures would be introduced to train workers in engineering, while the Manpower Services Commission would be given extra funds to expand training.

Parallel work has been done by a separate subcommittee on industrial democracy and planning. It has reached no conclusions yet: it is focusing on:

- **the link between industrial democracy and planning;**
- **the principle that it should operate at every level;**
- **the dangers of over centralisation;**
- **the need for a new range of institutions, including a National Planning Commission to co-ordinate the work of existing agencies as the National Economic Development Council and the MSC; the National Enterprise Board: the National Investment Bank and possible new bodies at regional level.**



DENIS HEALEY TONY BENN

They have other matters on their minds

Then comes the exception. The planning of incomes is not broached directly, though there is a tortuous (and much redrafted section) which weaves round the subject. Incomes policy is not—and cannot be—mentioned, not just because the Transport and General Workers refused to countenance it at their conference, but because it is the still unstaunched wound at the heart of the movement.

The abortive 5 per cent pay policy of 1978/79, with which Mr Denis Healey is now permanently associated, is the main reason why his fight to retain the deputy leadership is an uphill one. Yet, because many—perhaps most—of those concerned with policy know there must be something in the programme which will look as if it might deal with inflation, some sort of incomes policy cannot be dispensed with.

So in the largest section in the present document, on inflation, the authors argue for a new Price Commission—but quickly acknowledged that "other action will also be needed."

But, before this "action" there should be an assessment—a "national economic assessment of the prospects for the growth of the economy . . . to embrace such issues as the share of the national income going to profit, to earnings from employment, to rents, to social benefits and to other incomes." In other words, the party will get round to incomes next year.

The document goes on to argue for the inclusion of the unions in the economic management of the country, and as a kind of *quid pro quo* for effective price controls, says that union negotiators should "take into account the need to secure efficiency in the use of resources and have regard to the impact of settlements on prices."

It then gently opens another possible door by saying that "the principles of fairness and comparability are central to pay bargaining," and suggests that some kind of comparability machinery might be provided for public sector workers to "provide them with the assurances that would make it unnecessary for them to resort to industrial action." This might be some kind of standing Clegg Commission for the public sector.

The unspecific nature of the section on pay is partly because there are difficult issues to face. But it is also because the TUC members, in particular, do not want the document to be seen solely as a national wage agreement, which was to some extent the fate of the Social Contract.

Indeed, partly because of the political vacuum left by the party's crisis, the TUC has already made an unusually large mark on the committee. It has begun to initiate ideas, rather than merely veto them.

The TUC side has in its general secretary, Mr Len Murray, and its assistant secretary, Mr David Lea, two experienced policymakers who played a major role in the committee's crucial work pre-1974: while Mr David Basnett of the General and Municipal Workers and Mr Clive Jenkins of the white-collar union ASTMS weigh in to some effect. The party executive and parliamentary sides have, in Mr Benn and Mr Healey, two men of experience, certainly, but they have other matters on their mind.

TUC leaders feel that the 1975-79 Government succumbed to the enveloping embrace of the Civil Service at the expense of the trade unions. Next time round, they are determined that the committee will remain at the centre of government, and not be pushed to its periphery.

That would mark a profound shift. First, the constitutionality of such an arrangement would once again be questioned, the more fiercely the more powerful it is. The Civil Service would be hostile, and the argument over the "corporate state," canvassed in the mid-1970s, would resurface.

Even more significantly perhaps, the role-change for the unions would turn them into partners in the Government's strategy, maintaining a separate existence to protect their members' rights, but reinforcing and initiating policy month by month.

In the 1970s, the Labour Party held back from giving the unions such a role, not only because the Conservatives and business disliked it, but also becaue the unions, as a whole, did not want it. Many, especially on the Left, still do not. The deeper struggle in the Labour movement is thus over the same issue as it was then: power with responsibility, or power without it.

Letters to the Editor

Rescheduling Polish debt

From Professor Richard Portes

Sir,—The excellent article on "Rescheduling Polish Debt" by Peter Montagnon (June 24) discusses only briefly the dangers of the negative position taken by the United States banks last Friday. We must hope they may yet be convinced by the European banks at the Paris meeting June 24 to override their misgivings and give Poland some chance to avoid disaster.

Part of the risk is purely financial. Without an agreement soon between Poland and all commercial banks, the accords already reached with Western governments are in jeopardy. Accidental or merely technical default could occur. Pushed to the wall, Poland might declare a moratorium on payments of both principal and interest. Any such outcome would threaten the entire $25bn Polish debt, with severe strains on many individual banks and the international financial system.

Broader Western economic and security interests would be endangered by further deterioration of the Polish economy. Poland's production, its exports to the West, and its ability to import from the West would continue to fall. Shortages, queues, and hardship would increase. The resulting disorder could ultimately prove unmanageable by Poland's leadership and bring about Soviet intervention.

Debt rescheduling is certainly not sufficient to rebuild Poland's shattered economy, just as economic catastrophe would not the only possible cause for Soviet intervention. But the ability to keep factories running is partly due to a lack of materials, components, and spare parts from the West.

Poland has no working balances of foreign exchange and cannot carry out normal trade. A fundamental business rule is not to deny the bankrupt the tools of his trade. An orderly postponement of Poland's debt repayments for the rest of 1981 is essential to provide breathing space and a stable foundation for getting the economy back to work. Neither Western governments nor banks can offer short-term credits and working balances for trade until Poland's position is regularised.

Warsaw has made serious mistakes in economic policy and management over many years, and has not yet been able to propose a credible economic recovery programme. But the commercial banks have also made mistakes, and it is foolish to overcompensate for past indulgent lending policies with an excessively hard line now. For the banks to argue that they can improve their long-run prospects by holding out is shortsighted or disingenuous.

Even if the banks feel there is no realistic long-run prospect for repayment—which I would not accept—they would gain nothing from forcing a default now by demanding conditions that are not feasible or not negotiable. Their overriding concern must be repayment, but in the current circumstances the American banks' proposals would in my judgment reduce the probability of ultimately getting the money back. The Western governments, with full United States support, have recognised this on behalf of their export credit agencies. The banks should as well.

Prime Minister Wojciech Jaruzelski recently warned that efforts to keep Poland from economic catastrophe were seriously hampered by the lack of an agreement with the Western banks. Poland must be given the means and opportunity to solve its own political and economic problems. This offers the best prospects for the hard-nosed commercial interests of the banks as well as for overall Western economic, political, and security concerns.

Richard Portes,
Professor of Economics,
Birkbeck College,
University of London,
7/15, Gresse Street, W1.

Oil price negotiations

From the Managing Director, Shell UK Oil

Sir,—I am concerned that Sue Cameron's article in the June 17 issue of the Financial Times was misleading in its description of the negotiations leading to the price reduction on BNOC's North Sea oil, while at the same time missing the important feature of those discussions. The really significant fact was that negotiations took place on a normal commercial basis between BNOC and individual oil companies without government involvement and, as a result, the UK has adjusted its position quickly, realistically and commercially and will, I believe, benefit thereby.

I can, of course, speak only for our own negotiations which were certainly not characterised by "threats," "victories" or any similar kind of colourful adversary-type relationships. So far as we were concerned we were discussing solely the operation of the pricing clause of a contract under which we buy a significant quantity of oil from BNOC. The possibility of "closing in" our own North Sea production did not feature in the discussions at all. BNOC came forward with a suggestion for a price reduction in the light of market conditions and the negotiations revolved around a realistic assessment of what were the appropriate market conditions to be taken into account. It was our belief that a reduction in excess of $5 a barrel would have been justified. We remain of that view. However, the point that needs reiterating is that in pragmatic commercial discussions we have agreed a pricing basis with BNOC and therefore the repercussions of a market dominated by supply surplus will now fall on those suppliers who have not yet adopted similar commercial and realistic attitudes.

S. D. Watkins.
Managing Director,
Shell UK Oil.

Taxi driver elite

From Mr Ernest Keates

Sir,—I fear that Maurice Samuelson, in his otherwise excellent article (June 16), may have underestimated the wind of change that is blowing through the London cab trade.

While it is true to say that many taxi drivers, plying the streets for their living, are naturally concerned that anything more than a 13p in the pound increase in taxi fares would aggravate an already falling passenger demand, the fact is that the increase provides no comfort for the medium-term future of London's cab service.

The London taxi trade does not have a reservoir of finance with which to ease the grip of the present recession and as it is, by nature, a hand-to-mouth business it is highly vulnerable to the effects of the continuing recession.

The increase in fares, which was half of the amount required, will not, in the present economic climate, provide sufficient margins for investment in new taxi stock and the manufacturers, heavily dependent on the London market, will come under increasing pressure.

Taxi operators are anxious to maintain their elite position as the best taxi service in the world but the Government cannot have it both ways. Nothing concentrates the mind like an economic squeeze and the taxi trade is beginning to question some of the strict conditions under which it is forced to operate and which have created a monopoly supply of a cab which is due to rise by another £500 (plus VAT of course) in the late summer.

The London taxicab is as much a part of the scene as Tower Bridge, Big Ben and Buckingham Palace. London would never be the same if we had to hail a Japanese converted delivery van.

Ernest Keates.
Editor,
Cab Driver,
22 Old Ford Road, E2

Canada's constitution

From Mr Sandy A. Mactaggart

Sir,—I am a Canadian visiting London. I find that knowledge of Canada and its present Constitutional crisis is practically non-existent here. There is almost no understanding that within a month, the Parliament of Great Britain will act to alter the Constitutional balance of power within a sovereign nation without giving both sides of the question a fair hearing.

The concept of fair play is so central to the British character that I am astonished to find so few individuals protesting an action which will effectively alter our system of government before the people of Canada have an opportunity to debate the question themselves.

The British Parliament should postpone its decision until the views of a majority of Canadians can be ascertained.

Sandy A. Mactaggart.
55, Park Lane, W1

Training confusion

From the Director, Heating and Ventilating Contractors' Association

Sir,—Alan Pike's overview (June 19) of construction employers passionately lobbying for the retention of CITB is somewhat stretching the facts.

It is true that the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors want CITB retained in order to preserve the statutory power to raise levy. But some of their individual members would not share that view.

Within the specialist sector, there are similarly mixed views not only between individual contractors but also between different associations.

Some specialist associations agree that compulsory power to raise levy is virtually essential but regret that the only alternatives are a voluntary arrangement or a statutory levy coupled with the training board system.

Before the advent of training boards, many industries had been organising their own training arrangements effectively and with short lines of communication. All that some of them need is statutory machinery to raise levy.

Would it be stretching the demands of public accountability too far if the disbursement of those levies were left to the industries concerned? Thus, the industry would employ the training staff and would determine the training arrangements and the criteria for grant, subject only to "auditing" by the staff of the levy-raising mechanism.

In this way lines of communication would be kept short and much expense and bureaucracy would be eliminated.

G. F. Cutting.
ESCA House,
34, Palace Court.

All right for some

From Mr David J. Carr

Sir,—Additional aid to the National Coal Board to the tune of £231m must have raised a few Civil Servants' eyebrows, surely! A continuous diatribe from Lord Soames and Barney Hayhoe has been suggesting to the civil service unions that cash limits will not permit an increase over and above 6 per cent, and yet, with seemingly effortless ease a cool 231m is to be handed over to the NCB without so much as a "by your leave."

Perhaps readers might care to reflect upon this hitherto undeclared donation and note that it would represent another 7 per cent on top of the present Government offer — which allegedly cannot be increased because "there is no more money."

David J. Carr.
8, Preston Avenue,
Gillingham,
Kent.

Racialist pinprick

From Mr Stephen J. Stewart

Sir,—The leader of the Marxist controlled GLC, Mr Livingstone, has surely added to his vast repertoire of absurdities when he states that the Council will boycott goods from South Africa as this will be a blow against racialism in this country.

What use does he think this pin-prick will do to advance the cause of anti-racialism? — and with his very limited experience of the world at large I wonder if he is aware of a 13-page report before the United Nations Organisation of African Unity which states "the imposition of total sanctions would imply a complete boycott or embargo on South Africa by the world community. But the cost would be incalculable in human terms to some states, while other states within and outside Africa could find the cost to be economically prohibitive."

Bearing in mind that some 500,000 migrant labourers are employed yearly in South Africa, Mr Livingstone might like to answer whether or not he minds unemployment increasing in South Africa as a result of any boycotts, at the same time remembering that he is constantly sneering at attempts to reduce it in the United Kingdom.

Stephen J. Stewart,
Member of The Greater London Council for Croydon,
North West,
Members' Lobby,
The County Hall, SE1.

Today's Events

GENERAL

UK: Humber Bridge opens to traffic.

Prince Charles opens new magistrates' court at Solihull; attends premiere of "For Your Eyes Only," Odeon, Leicester Square.

Election of City of London sheriffs, Guildhall.

Mr Mohammed Balkhyat, Moroccan Office for Industrial Development director general, speaks at London Chamber of Commerce meeting.

Henley Centre conference on framework forecasts for the EEC economies' business prospects in 1983, Press Centre, EC4.

Mr Roy Hattersley, Opposition Home Affairs spokesman, addresses City and Westminster Labour Party meeting.

Campaign Poster Awards lunch, Savoy Hotel, WC2.

Birmingham Chamber of Commerce seminar on South Korea.

Lincolnshire Show opens, Lincoln (to June 25).

Overseas: European Commission meets to complete proposals to the Council on the development of the Community budget, Luxembourg.

International banks meet to discuss Polish debt rescheduling, Paris.

Organisation for African Unity summit continues, Nairobi.

EEC Energy Ministers meet, Luxembourg.

EEC Steel Council meets to discuss future policy in the industry, Luxembourg.

PARLIAMENTARY BUSINESS

House of Commons: Debate on unemployment. Road Traffic (car sharing arrangements) (NI) Order.

House of Lords: Debate on Government policy on higher and further education.

Select Committees: Education, on secondary school curriculum and exams. Witnesses: Most Rev Robert Runcie, Archbishop of Canterbury; Robert A. L. Macarthur, lately Moderator of Free Church Federal Council. Room 8, 10.30 am. Industry and Trade, on European air fares. Witnesses: British Caledonian, British Airways. Room 16, 10.45 am. Transport, on transfer of testing of goods vehicles to private sector: Witnesses: Mr Kenneth Clarke, Under Secretary for Transport, Room 17, 10.45 am. Public Accounts, on revised financial duty. Witnesses: Scottish Development Agency, Room 16, 4.00 pm. Transport, on transport in London. Witnesses: British Road Federation; Confederation of British Road Passenger Transport, Room 17, 4.15 pm.

COMPANY MEETINGS

See Company News on page 23.

UK COMPANY NEWS

Hambros leaps to £15m after tax: pays more

PROFITS AFTER tax of Hambros, the banking and insurance group, improved sharply from £9.8m to £15.3m in the year to March 31 1981 and the net total dividend is being increased by 6p to 22.5p per 25p share.

The surplus was before investment gains and extraordinary credits which totalled £7.8m (£2.3m), including £5.1m deferred tax release.

Stated earnings per share, before investment gains and extraordinary credits, increased by 25.4p to 71.9p.

All sectors contributed to the earnings increase. The banking companies improved from £3.1m to £4.2m, profits from other operations, less minorities, amounted to £4.7m, compared with £1.9m, dividends received from Hambros Life Assurance rose from £3.2m to £4.3m and associates' earnings were £0.5m ahead at £2.1m.

On a CCA basis the after-tax profit is reduced £8.9m.

At March 31 last shareholders' funds stood at £115m (£83m). In addition, there was a surplus at year-end of £103m, net of assumed tax, between the market value and the carrying value of the group's investment in Hambro Life Assurance.

The group is proposing to subdivide each existing £10 share (£2.50 paid) into five £2 shares (50p paid) and each 25p share into 5p shares. The sole effect will be a five-fold increase in the numbers in issue of the two classes of shares.

Revenue before tax of Hellenic and General Trust, a subsidiary of Hambros, declined from £1.69m to £1.19m in the 12 months to March 31 1981. Tax was higher, rising from £546,862 to £794,661.

Lex, Back Page

Satisfaction at Bardsey

OVERALL RESULTS for the first quarter's performance of Bardsey, the property and industrial holding company, formerly called the Tebbitt Group, were "satisfactory," Mr Lionel Stopford Sackville, the chairman, said at the annual meeting in London yesterday.

Profits were "in line with budgets," he said, adding that the furniture division had been performing particularly well.

Mr Stopford Sackville said that proposals for a reconstruction of capital were currently being drawn up. No details were available at present, but the reconstruction was aimed at removing the deficit on the company's reserves.

Once this was out of the way, it would be possible, within the provisions of the new Companies Act, 1980, for the company to pay a dividend, he said.

After the meeting, he said it was almost certain that the company would return to the dividend lists this year.

Mr Harry Westropp, the managing director, said after the meeting that the company's expansion path from now on would tend to be along established industrial lines and this would probably lead to a greater proportional contribution to profits from the industrial division.

Last year, industrial earnings contributed almost 70 per cent of the group's £142,000 pre-tax profit (£191,000 loss), and the property division contributed 30 per cent.

FNFC profits up to £7.7m midway

AFTER CHARGING all interest, including that on the income, deferred and subordinated loans amounting to £9.25m, against £10.93m, profits, before tax, of the First National Finance Corporation surged from £825,000 to £7.68m for the six months ended April 30 1981.

Pre-tax surplus for the whole of the previous year amounted to £7.67m.

First-half 1980/81 profit included £4.51m (£4.02m) from the consumer credit division, the business of which continued to perform well in the more difficult economic conditions the group has experienced, the directors state.

The amount of the release of provisions and suspended interest in the lending and property sector was £7.62m (£2.02m), and included £1.37m (£662,000) which related to property development activities in subsidiaries, and properties held under contract for sales.

The figure also included the net effect of providing £350,000 (£1.1m) in respect of additional future interest costs expected in the second half of the year.

Under the terms of the reorganisation scheme, and consequent upon these results, all the interest due to date on the support group loans qualifies for payment and sufficient remittances have already been made to cover this requirement.

Also interest of £2.25m—out of a total of £8.45m—now qualifies for payment on the subordinated loans which is due for payment on September 30. The amount payable under the scheme will be 14¾ per cent of the principal outstanding.

Tax for the six months takes £51,000 (£46,000) leaving a net profit of £7.63m, compared with £779,000.

Shareholders' deficiency reduced to £21.43m as at April 30 (£29.1m at September 30 1980). Total net assets were £52.25m (£43.9m).

Lex, Back Page

Tecalemit tumbles to £2.47m at year-end

PRE-TAX PROFITS of Tecalemit, the garage equipment, lubrication and filtration systems and combustion engineering group, slumped by £2.3m to £2.47m in the 12 months to end-March, 1981 following a drop from £2.17m to £1.25m at the interim stage.

UK sales volumes were down some 20 per cent, with turnover at £50.84m, compared with £54.46m. Exports rose by 28 per cent.

The total dividend is being effectively maintained at 2.0834p net by a final of 1.0417p, after allowing for last year's one-for-two scrip issue.

The taxable surplus was struck after interest charges of £306,000 (£339,000) and was subject to tax, considerably lower at £908,000 (£2.14m).

At the attributable level, profits emerged at £1.21m (£2.53m) after a minority debit of £85,000 (£75,000) and extraordinary debits of £266,000 (£25,000), being redundancy and related costs.

Stated earnings per 25p share dropped from 7.6p to 4.4p.

On a CCA basis the pre-tax profit is reduced to £461,000 (£2.8m) and on the same basis there was a loss per share of 1.3p (1.7p earnings).

Mr F. C. de Paula, the chairman, says there are indications of a return to more normal trading. For the immediate future he is confident that the group can take advantage of the upswing in the economy when it occurs.

The chairman points out that the group has taken advantage of the lull in commercial activity to carry out a review of its products and marketing and to develop the strategy of entering into more sophisticated areas of engineering and engineering services.

The electronics field business has been further expanded both internally, through Tecalemit Electronics at Plymouth, and by the purchase of Orbit Controls of Cheltenham.

● comment

Tecalemit's year-end results are well down, reflecting a continued lack of demand from the motor industry and in the gas burner division, but a small boost from garage equipment sales made the pre-tax decline less severe than expected. This area was expected to suffer after garage operators satisfied increased MoT equipment requirements in 1979, but the vehicle repair business has remained buoyant in the recession. There are signs of a general slowdown in destocking in the company's other businesses. Order books have stopped shrinking, but there is no evidence of a turnaround. For instance, the usual seasonal upturn in gas burners failed to materialise over the winter. The market is showing considerable confidence, however, in putting the share on a fully-taxed p/e of 17.5. The dividend, uncovered on a CCA basis, yields 5.3 per cent.

HIGHLIGHTS

The Lex column looks at the results from Hamros where profits recorded a sharp 56 per cent rise yesterday, although the main interest is in the value of Hambro Life. At Charter Consolidated pre-tax profits are marginally ahead before a large slab of income from the sale of its holding in a Selection Trust to BP. Debenhams' annual report comes in for examination and Lex discusses the strength of the company's property portfolio. Elsewhere the column takes a look at the further progress made by secondary banking group FNFC and the unveiling of Seagram as a partial bidder for U.S. oil major Conoco. On the bids front Arab Asian Bank is disclosed as the bidder for United City Merchants for £14m and Lonrho is paying DM90m for half an interest in Kuhne and Nagel. On the issue news front United Computer launches itself and there is a London listing for Financial Corporation of America.

Debenhams looking for new high street sites

Debenhams, the department store, shop and supermarket operator, is to continue its policy of acquiring new high street sites and Mr R. C. Thornton, the chairman, says this will not only enhance its stock of high yielding properties but will improve operational gearing.

Since the year end, the group has acquired Draffens of Dundee, which is fulfilling expectations, while a large store has been opened at Cardiff, which incorporates a number of design features and which is trading very successfully. The extension and modernisation of the main store at Ipswich has enabled it to sell the nearby Corders house.

Two more stores are being opened this year at Edinburgh and Telford; the size of the Luton store is being doubled and the redevelopment of the valuable freehold site at Reading is expected to be completed in late autumn.

At Croydon, the group has initiated a scheme for a shopping centre and concluded an attractive sale and leaseback arrangement.

United Computer launched via £2.5m rights issue

A new fund investing in high technology companies is being launched on the stock market via an unusual rights offering to shareholders in Automated Security (Holdings) and Rights and Issues Investment Trust.

The new company, United Computer and Technology Holdings, takes advantage of the Stock Exchanges' recent relaxation of the rules governing investment trusts and the amount they can invest in unquoted companies.

United Computer is raising £2½m via an offer for subscription of 2m ordinary 50p shares (with rights to warrants) at 100p each to existing shareholders in Automated Security ASH and 20 per cent to Rights

The balance between the two is approximately 80 per cent to AS Hand 20 per cent to Rights and Issues shareholders.

A further 312,000 shares will be made available to the market; 100,000 will be allotted to Rights and Issues and 87,996 to ASH.

United will have investment trust status.

The object is to direct investments into smaller listed and unlisted companies operating in the field of computers, telecommunications and other areas of high technology. Up to 60 per cent of the fund can be invested in unlisted securities.

Initially the company's funds will be invested in the gilt-edged market.

The prospectus cites examples of the type of company United may invest in.

Chairman of United is Mr Tom Buffet who is also chairman of Automated Security. The deputy chairman is Mr John Woollam, chairman of Rights and Issues. The board also includes Mr John Robertshaw, chairman of United Scientific and a director of Rights and Issues and Mr Simon Knott, a partner in stockbrokers Greene and Company.

Directors will receive nominal fees but on consideration of £10 each will be conferred warr to subscribe for an aggre 83,334 shares.

Secretaries and managers the fund are Energy Finance General Trust headed by Dennis Barkway.

Warrants will be issued on basis of one for every ordinary shares giving the r to subscribe for ordinary sh at 100p each in the years to 1988.

The ordinary shares will dealt with warrants attac until July 30, thereafter the will be split.

● comment

Putting money into a new vestment trust usually me backing an established f management house. With Uni Computer potential invest largely from the ranks of A shareholders, are being asked back personalities. Mr T Buffett, United's chairman, established quite a track rec at ASH in the last five ye taking the company up amo the front runners in the secu now capitalised at over £ As one of the leading lights the new company ASH sh holders may be more than w ing to follow him in this r venture. But obviously capital is not for all and underwriters will probably up with a quarter to a third the issue. That level would be embarrassing as it is no true rights issue and in the e of the Stock Exchange this i placing. A potential inves needs to be clear that this an investment with a long te view. It could take two years more to get fully invested a longer still to reap the cap rewards as investments dispersed through listin acquisitions, management b outs, or whatever. Meanti dividend income will be nomir even in the early stages if directors invest in short gilts.

Elswick-Hopper profit halved but dividend held at 1.15p

WITH ITS engineering division hard hit by the recession, taxable profits of Elswick-Hopper were virtually halved from £1.31m to £671,002 for the year to January 31 1981, on slightly higher turnover of £22.54m, compared with £22.09m. At halftime, the pre-tax surplus was down by £200,000 to £405,000.

In line with the mid-year prediction, the final dividend is being maintained at 0.6325p net for an unchanged total of 1.15p per share. Stated after-tax earnings per share, however, fell from 3.19p to 1.79p.

Mr J. L. Turner, the chairman, expresses the board's belief that the company has come through 1980-81 successfully and says it is ready to take maximum advantage of an upturn in the economy.

Results for the first half of the current year will be down on the same period of 1980 and it should not be assumed that this year's interim dividend will be maintained, he warns.

However, it is hoped that 1981-82 will show an overall improvement on the year under review, with nearly all profits being made in the second half. This follows a recovery in the level of sales, which dropped during the winter, but had returned to normal by the end of April.

There was a tax credit for the year of £8,908 (£126,913 charge). After minorities last time of £26,681 and reduced extraordinary debits of £25,572 (£57,643), attributable profits emerged at £654,338, against £1.15m.

A surplus of £535,393, arising from a professional revaluation of the group's freehold and leasehold properties, has been credited direct to reserves.

Record results were achieved in 1980-81 by the cycle division, where trading profits rose from £976,000 to £1.4m, on sales of £9.3m (£7.9m).

Results from the agricultural machinery distribution and services division suffered for the third year in succession from the depression in farming incomes, but profits were ahead at £471,000 (£402,000) on sales £0.5m lower at £8.8m.

Sales and profits from the engineering side fell from £4.8m to £4.4m and from £785,000 to £140,000 respectively. This division, however, has responded to difficult conditions by installing new automated plant and intensifying development work on new models.

Elswick Special Vehicles has acquired the rights to manufacture and sell a motor car for the disabled, developed by GKN Sankey, and it is hoped to begin production towards the end of 1981. This is in addition to the vehicle currently being developed with the National Research and Development Corporation.

Current cost accounting reduces the year's pre-tax profit to £144,000.

Financial Corporation: trading starts today

Trading in the 6.8m 50-cent shares of Financial Corporation of America, the parent company of a California savings and loan association, begins on the London Stock Exchange this morning.

The company is also engaged in commercial finance activities through its subsidiary, Budget Capital Corporation. Net income from continuing operations has grown from $2.8m, or 70 cents a share, in 1976 to $12.2m, or $2.51 a share, in 1980. Over the same period, revenues grew from $42.6m to $178.4m.

In the first quarter of the current year, net income was up 76 per cent to $3m, or 61 cents a share, on revenues up 86 per cent to $63.8m.

Total assets at March 31 1981 were $20.7bn and stockholders' equity stood at $77.9m.

The shares ranged from a low of £5¼ to a high of $15⅞ in 1980, from $13¾ to $21⅞ this year, and traded recently at $19⅞.

Mr Charles Knapp, chairman of the company, said the London listing was being arranged in part because some 14 per cent of the shares are held in Europe.

A recent issue of 1.8m sha was taken up as to about 30 p cent by European investors.

Financial Corporation wo also be interested in maki Eurobond issues in the future.

The introduction was arrang by Morgan Grenfell and broke are Laurence Prust.

Background, Page 27

BANKERS INV. TST. DIVIDENDS

The accounting date Bankers Investment Trust h been changed with the resu that the 18 months to Octob 31 1982 will be the ne accounting period.

The directors propose increase the interim dividend payable November 1981, Fe ruary 1982 and May 1982 fro 0.6p to 0.65p, and to pay a fourt interim, equal to last year's 1.9 final, in August 1982. A furth fifth interim of at least 0.6 will be paid in November of th year, and a final will be paid i February 1983.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
E. Austin	0.89	July 23	0.89*	1.31	1.31*
Baraoora Tea ......int.	6	July 27	5	6	5
Charter Consd.	6.6	Aug. 13	5	10	8.35
Davenport Knitwear	5.67	Sept. 2	4.9	5.67	4.9
Elswick-Hopper	0.63	Aug. 6	0.63	1.15	1.15
Evans of Leeds	2.75	—	2	4	3
GEI International	3.56	Aug. 6	3.56	5.32	5.32
Halma	1	Aug. 14	0.83	1.62	1.35
Hambros	16	—	11.25	22.5	16.5
Hardys & Hansons...int.	3.7§	July 9	3.1	—	11.1
Arthur Lee ......int.	nil	—	0.44	—	0.44
Mansfield Brewery	3.13	—	2.28	4.2	3.25
Moorgate Mercantile	0.65	Oct. 1	0.75	0.9	0.75
Nova	2.5	Sept. 1	2	4.5	3.5
Ocean Wilsons	1.85‡	July 28	1.75*	2.6‡	2.25*
R. Paterson	1.55	Sept. 2	1.41	2.18	2.04
Tecalemit	1.04	July 31	1.04*	2.08	2.08*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 11 months. § To reduce disparity.

Hardys & Hansons static with £1.2m midyear

UNCHANGED TAXABLE profits of £1.17m are reported by Hardys and Hansons, the Nottingham based brewer, for the half year to April 3 1981. Turnover, however, rose by over £1m to £6.67m.

The company says trade during the period remained disappointing, although slightly better than trade for the country as a whole. To date, there has been no improvement.

The interim dividend is being raised from 3.1p to 3.7p in order to give a better balance with the likely final payment, which last year was 8p.

After tax of £607,000 (£609,000) net profits were £561,000, against £563,000. Extraordinary credits increased from £17,000 to £74,000.

Earnings per 25p share, are stated marginally lower at 11.235p (11.275p) before extraordinary items.

Ocean Wilsons pre-tax rise for 11 months

Both turnover and pre-tax profits of Ocean Wilsons (Holdings), investment holding company, increased for the 11 months ended December 1980, compared with the previous year.

The taxable surplus was £3.22m for the period, against £2.96m, on turnover up from £25.47m to £38.19m. After six months profits had moved ahead to £2.32m (£1.86m).

The dividend for the 11 months is effectively lifted to 2.6p (2.25p) net per 20p share with a final payment of 1.85p (1.75p adjusted).

After a tax charge of £1.98m (£1.48m), however, net profits were behind at £1.24m (£1.48m) giving earnings of 4.67p per share, compared with 5.59p.

Little change at Moorgate Mercantile

Pre-tax profits of Moorgate Mercantile Holdings, instalment credit finance company, were virtually unchanged at £403,406 for the year to March 31, 1981. The figure for the previous year was slightly lower at £400,034. Turnover rose from £7.37m to £8.79m.

The final dividend is 0.65p for a total of 0.9p against 0.75p made in a single payment last year. Stated earnings per 10p share are 2.04p against an adjusted 2.53p.

The pre-tax figure was struck after interest charges up from £464,663 to £726,620. There was a tax charge of £42,985 against a credit of £958 last time.

On a CCA basis, the pre-tax profit was down to £171,000.

Silentnight improvement 'continuing'

The marked improvement in performance achieved by Silentnight Holdings in the second half of last year has continued despite a somewhat depressing general trade picture Mr C. Clarke, chairman, told shareholders at the annual meeting.

Management accounts for first four months showed record levels of both profits and productivity. There are very firm indications that first half of this year will prove to be the best first half-year ever, due to a magnificent performance by all the company's employees.

This has improved cash-flow and enabled the directors to eliminate all its UK bank loans leaving comparatively small overseas bank loans which are at advantageous terms.

SPAIN

June 23	Price %	+ or −
Banco Bilbao	323	−9
Banco Central	402	−6
Banco Exterior	324	−6
Banco Hispano	308	−9
Banco Ind. Cat.	125	—
Banco Santander	381	−2
Banco Urquijo	224	−4
Banco Vizcaya	354	—
Banco Zaragoza	259	−8
Dragados	240	−10
Espanola Zinc	93	+2
Fecsa	74.2	−3.5
Gal. Preciados	58.5	+1.5
Hidrola	81	−4.5
Iberduero	68.5	−1.5
Petroleos	137	−6.5
Petroliber	102	—
Sogefisa	62	—
Telefonica	67	−2
Union Elect.	72	−4

Capper-Neill expects lower six months

Trading profits for the first half of the current year at Capper-Neill are unlikely to match the equivalent figure last year, says Mr W. P. Capper, the chairman of this designer, manufacturer and erector of process plant.

Sharply higher interest charges and substantial redundancy costs led to a 25 per cent fall in pre-tax profits from £5.08m to £3.81m for the year to March 31, 1981—as reported June 10. At halfway, the figures were down from £2.06m to £1.77m.

Orders in hand at the start of the current year show a marked improvement over those of a year ago, mainly because of an increase in major site construction work both in the UK and overseas.

This, however, must be viewed in the context of an overall lack of demand that results in a number of companies having to operate at well below their capacity.

Peter Edward Foster
A Thanksgiving Service
At St. Mary Woolnoth Church,
Lombard Street.
12 noon on 30th June, 1981.

THE TRING HALL U.S.M. INDEX
124.3 (−2.0)
at close of business 23/6/81
BASE DATE 10/11/80 100

● NEWS ANALYSIS—BAHRAIN BID FOR UCM

Is there life without Sosnow?

BY JOHN MAKINSON

THE CITY has been speculating for years on a possible takeover of United City Merchants, but it was caught napping on Friday when UCM's shares were suspended following a bid approach.

The identity of the bidder was disclosed yesterday, when Arab Asian Bank of Bahrain announced that it was offering 40p per ordinary share, a premium of 38 per cent over UCM's suspension price of 29p.

A successful bid would deprive the City of one of its most colourful tycoons. Mr Eric Sosnow, UCM's chairman and founder, has already accepted on behalf of his own holding and plans to retire from the company if the offer goes unconditional.

His wife, who also sits on the board, will go with him and the 30 per cent of UCM voting rights which are owned by the Sosnow family and friends will wind up with Arab Asian.

Mr Sosnow admitted yesterday to a pang of nostalgia about the prospect of leaving a company with which he has been involved since 1955, when pre-tax profits totalled a modest £12,000.

UCM was then called Whiteley Stevens (Holdings) and its business was knitting jerseys in Nottingham. Mr Sosnow, who started his own international trading company 38 years ago, bought control of it through a reverse takeover in 1958 and promptly turned it into one of the country's most unusual trading businesses.

UCM is well known as a timber agent and leather manufacturer but it also trades in an almost limitless range of raw materials and finished goods. Mr Sosnow, who arrived from Poland with a lawyer's qualification in 1934, is well equipped for the task. He speaks six or seven languages and developed his wanderlust as a foreign correspondent for the Sunday Times and The Economist.

Barter is a speciality. Mr Sosnow, who has impeccable connections in Eastern Europe, would feel quite at home trading Chinese ping-pong balls for Polish engineering equipment.

This entrepreneurial relish has helped to lift UCM's turnover to a figure of £161.1m in the last financial year ending in June. Supporting the sales were total assets of only £13.5m.

The withdrawal of Mr Sosnow from the business may well make it difficult to support the rapid sales growth of the past decade. Mr Sosnow himself is not too worried about the change-over. Although he vigorously denies that, with his 71st birthday approaching, he has been reducing his commitment to the company, he argues that the structure which has been built up in the group will ensure a smooth transition. "I couldn't arrange all the deals myself," he adds modestly.

The rest of the existing management will stay if the bid proves successful and Arab Asian has a few contacts of its own to draw on. The company was established as an offshore banking unit in Bahrain in January of this year. It is a wholly owned subsidiary of Arab Malaysian Development Bank, the largest merchant bank in Malaysia with profits last year of $3.5m, which is in turn controlled by Arab institutions and families. Arab Asian plans to appoint a Bahraini chairman who, in Mr. Sosnow's words "speaks several languages and behaves like a gentleman."

The Arab Asian offer values the whole of UCM at £15m. In addition to the ordinary share offer, Arab Asian is bidding 40p for each 14p convertible loan unit. There are currently 1.94m unconverted units, each of which can be exchanged for one ordinary share. Arab Asian is also offering 67p in cash for the 110,000 preference shares of £1 each, which produces an exit yield of 9 per cent. The offer is being accompanied by a capital reduction, which will reduce stamp duty.

Mr. Sosnow, who has received several offers for UCM, says that Arab Asian has been looking for a UK foothold for some time. UCM has its own banking business, C. E. Coates and Co., but the principal attraction was the trading operations.

The deal with Arab Asian took only three weeks to conclude and the agreed price was apparently equidistant between the first Bahraini offer and Mr Sosnow's first demand. There was some disagreement over the net asset value, which is entered at 29.4p per share in the last balance sheet after allowing for full dilution. Mr Sosnow claimed a figure of 37p and Arab Asian argued for rather less.

UCM has not enjoyed its happiest period over the past few years. The weakness in the construction business has hit the timber operations and the UK leather manufacturing division has been under heavy pressure from foreign imports. To compound its difficulties, the company had to provide for bad debts of £807,000 last year.

The result has been a fall in profits before tax from a 1977 peak of £4.1m to only £1.8m last year. And the interim figures; showing profits of £1.1m provided little evidence of recovery.

But Mr Sosnow is as optimistic as ever. He says he would rather get out while there is a good opportunity for the company to improve. Not that he will be idle. Mr Sosnow is planning to look around for something more or less full-time to do.

Eric Sosnow: the City would be deprived of one of its most colourful tycoons

UDS expects higher profits

CURRENT YEAR profits of UDS Group, the multiple shops and department stores group, are expected to be higher than the depressed £12.05m reported for 1980/81.

Mr Bernard Lyons, chairman, told shareholders at yesterday's annual meeting that first quarter profits showed an increase on the corresponding period of last year. He said that although current trading was anything but easy, profit for the second quarter should show a further improvement.

The chairman said that the final result for the year depends, as always, on the level of sales achieved in the second half but he confirmed that the group was expecting a measure of recovery in the full year result.

Questioned about the loss making Whiteleys department store in Bayswater, Mr Lyons said that its future in the group was under review.

The chairman was asked that if Whiteleys "is going to go on losing money year after year why doesn't the board do something drastic about it." Mr Lyons replied that the position of the store was under "constant and current review" and the board was "alive to its potential and problems."

Responding to a question on Sunday trading the chairman said that last June the group announced that it would open for trading on that day but an injunction was taken out by the local authority. Mr Lyons said that after a hearing in chambers it became clear that Sunday trading was not a proposition.

Mr Lyons said it was planned to introduce privilege discount for shareholders at UDS shops. This was currently being discussed with the group's marketing department and it would despatch privilege vouchers to shareholders with the interim statement.

The group's accounts for 1980/81 show that an ex-gratia payment of £53,000 was made during the year to a former director. This was paid to Sir Jack Lyons who resigned from the board at the end of last year's annual meeting. Sir Jack, who left the board to devote more time to his other business interests, had three years of his service contract to run.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable

TODAY

Interims: Anglia Television, Castlefield (Klang) Rubber Estate, Irish Distillers, Killinghall (Rubber) Development, Scottish American Investment, Throgmorton Trust.

Finals: BPB Industries, Brickhouse Dudley, Chloride, Chubb, Cocksedge, Duport, Ferranti, Hicking Pentecost, Powell Duffryn.

FUTURE DATES

Interim—

Barr (A. G.) .... June 25

Finals—

Bromsgrove Casting and Machining .... July 2

Hazlewood Foods .... June 29

Jacksons Bourne End .... July 1

Stead and Simpson .... July 1

Stonehill .... June 26

International Paint buys Texas company

INTERNATIONAL PAINT is expanding further in the U.S. with the agreed $14.9m (£7.4m) acquisition of Latcote, a small private company based in Houston.

Latcote manufactures and sells heavy duty paint and associated products. IP said that the acquisition, which is being made through its U.S. subsidiary, will provide a base for the expansion of the group's protective coatings business. Mr George Morris, managing director, said that Latcote fitted in with the group's main operation in the U.S.

The purchase consideration represents the approximate replacement value of the assets of Latcote. At the end of 1980 the book value of the company's net assets amounted to $4.1m. Profits before tax for that year totalled $1.8m.

This acquisition follows the purchase last August of a controlling interest in Supertintas of Sao Paulo, the largest powder coatings manufacturer in Brazil.

IP, an 88 per cent-owned subsidiary of Courtaulds, is the world's leading supplier of paint for marine uses. The company is also UK market leader in coatings for vehicles.

PANDROL EXPANDS IN BELGIUM

Pandrol International is to set up manufacturing facilities for its range of railway track components in Belgium following the signing of a joint venture agreement with Usines et Boulonneries Avaux SA.

A new company, Pandrol Avaux SA, in which Pandrol will have a 51 per cent interest, will begin production at Anderlues, Belgium, by the end of the year.

Pandrol International is a wholly-owned subsidiary of Charter Consolidated.

W. WILLIAMS

W. Williams and Sons (Holdings) has sold its subsidiary company Rhiwbina Properties (Proprietary) to Hart of Durban, South Africa for a consideration of 391,111 rands (£226,000) in cash.

£5m surplus from Hawley sale of Pritchard stake

MR MICHAEL ASHCROFT'S Hawley Leisure has sold its (previously Provincial's) 21 per cent stake in Pritchard Services, making a profit of £5.5m on the £9.9m transaction.

The shares were acquired by Morgan Grenfell, Pritchard's merchant bank, at 158p a share, and placed, yesterday morning, with 30 to 40 institutions and some Morgan investment clients at just over 159p.

The sale confirms Pritchard's victory in fending off an apprehended bid last year from Provincial. Mr Ashcroft admitted failure yesterday while claiming some consolation from the profit on the sale of the shares.

Last July, Provincial and Mr Ashcroft's private company bought an 8.85 per cent stake in Pritchard at 72½p a share in a "dawn raid" carried out by brokers Carr Sebag, bringing their combined stake to 20.1 per cent.

Pritchard refused Mr Ashcroft's request for a seat on the board and went on to produce sharply improved results, a one-for-four rights issue and a big placing to finance a U.S. acquisition.

Its shares jumped from a low last year of 33p to a high this year of 175p.

"When we started, Pritchard had a market capitalisation of about £7m whereas now it is nearly £50m," Mr Tony Millar, managing director of Hawley, said yesterday. "Our market capitalisation is £33m. Being realistic, it has become too big for us."

Morgan Grenfell approached Hawley two weeks ago with an offer to dispose of the shares and the final details were worked out yesterday morning.

Morgan said the disposal would not result in any new holdings in excess of 5 per cent. That leaves only Mr P. R. Pritchard, chairman, with a declarable stake of 6.4 per cent.

The disposal leaves Hawley with net cash of about £1m in its balance sheet and Mr Millar said the company is in discussions with several parties on possible future acquisitions.

Rebuffed last week in its attempts to pursue discussions with Camrex, the engineering company in which it recently acquired an 18.4 per cent holding, Hawley nevertheless plans to hold on to these shares.

"We hope the management demonstrates its view that the net asset value is 70p a share," Mr Millar said. Camrex shares were at 42p yesterday.

He indicated, however, that Hawley's main efforts would continue to be devoted to leisure and industrial services. The group is also looking for a U.S. acquisition.

Hawley shares rose 5p to 85p yesterday and Pritchard closed unchanged at 163p after rising to 168p.

A Pritchard statement said the company was quite happy that its shareholder base had been broadened.

Brixton 13.6 acre purchase

Brixton Estate has contracted to purchase for redevelopment a major industrial complex extending to 13.6 acres at Hemel Hempstead, Hertfordshire.

The long leasehold interest is being bought from AM International Information Systems, which is restructuring its UK operation, and the freehold interest is being acquired from the Commission for the New Towns.

A 95,000 sq ft unit, which is being extensively refurbished, will be leased back by AM, and the remaining 10 acres will be redeveloped to provide over 200,000 sq ft of high quality industrial warehouse and office space, available for letting in 1982.

Baraoora Tea advances by £135,000

In 1980 Baraoora Tea Holdings turned round a pre-tax loss of £38,851 into a profit of £96,552 on increased turnover of £1.1m, as against £920,107.

The directors have declared an interim dividend of 6p net (5p) per 5p share—no further payment will be made in respect of the year. They also intend to make a one-for-one scrip issue to bring the company's issued capital above the minimum for it to continue as a public company.

After UK tax of £28,215 (£16,728) and overseas tax of £5,000 (nil) the attributable profit emerged at £63,337 (£61,997 loss). Last year there was also an extraordinary debit of £6,418.

The earnings per share are stated at 8.8p (8.1p loss) on a net basis, and at 9.5p (6.6p loss) on a nil basis.

BP issue has moderate start

Dealings in the new share rights of British Petroleum began with a mild flurry yesterday morning but the market quickly turned quiet and turnover for the day was said to be moderate.

Jobbers said they had not expected big volumes on the first day of dealings in nil paid form because many shareholders would not yet have received their allotment letters.

The plain rights opened at a 43p premium on the 275p exercise price but eased to 40p. The rights to the Government's shares, the so-called HMG rights which were offered at 290p, opened at a 30p premium and dropped to 24p. The BP ordinary shares fell 9p yesterday to 312p ex-rights.

BP's record £624m rights offer, launched last Thursday, involves the issue of 226.8m shares.

Philip Hill in Ohio and Texas deals

Philip Hill Energy Inc (PHE) of Houston, Texas—which is 74 per cent owned by Philip Hill Investment Trust (PHIT) and 26 per cent by the Nineteen Twenty-Eight Investment Trust (1928)—has acquired a one-sixth interest in a natural gas development drilling programme in Ohio and minority interests in production, development and exploration properties in South Texas.

Both PHIT and 1928 are providing the necessary finance from existing dollar liquidity, in amounts of $8.6m and $3m respectively to fund PHE's 1981 programmes.

The Ohio programme, it is estimated, will require a total investment by PHE of about $2m in 1981.

One of the South Texas properties is currently producing natural gas and condensate at daily rates of approximately 12m cu ft and 380 barrels respectively. The estimated cost in 1981 of acquisition, development and exploration of these properties is expected to amount to $9.6m.

Various elections as to whether to proceed with the programmes are available to PHE in 1981 and beyond, but if the properties perform well the directors anticipate that PHE will have invested approximately $20m by the end of 1983.

Assuming ownership of PHE remains unchanged, PHIT would contribute about $15m and 1928 approximately $5m of this investment.

ASSOCIATE DEAL

Capel Cure Myers—as official brokers to Myson Group—has purchased 15,000 ordinary shares of Myson at 64p on behalf of a discretionary client.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$450	1	31	—	—	—	—	$467
GOLD C	$475	10	20	17	40	—	—	"
GOLD C	$500	4	9.50	5	24	2	43	"
GOLD C	$525	20	5.50	1	19	—	—	"
GOLD C	$550	—	—	10	15	—	—	"
GOLD P	$450	—	—	2	15	—	—	"
GOLD P	$475	4	17	—	—	—	—	"
		Sept.		Dec.		March		
GM C	$50	5	1⅜	—	—	—	—	$54½
		July		Oct.		Jan.		
AKZO C	F.15	5	11.70 A	—	—	—	—	F.26.30
AKZO C	F.20	65	6.50	5	7.30	—	—	"
AKZO C	F.22.50	60	4.20	—	—	—	—	"
AKZO C	F.25	27	2	21	3	25	3.80	"
AKZO C	F.27.50	20	0.70	35	1.70	20	2.50	"
AMRO C	F.55	7	2.30	—	—	—	—	F.56.50
HEIN C	F.50	10	3	—	—	—	—	F.52.10
HEIN C	F.55	—	—	14	2.70	—	—	"
HOOG C	F.20	—	—	10	1.60	—	—	F.18.60
KLM C	F.100	68	34	—	—	—	—	F.134
KLM C	F.110	32	24	12	29 A	—	—	"
KLM C	F.120	30	15.50	—	—	—	—	"
KLM C	F.130	43	9	15	16.50	—	—	"
KLM C	F.140	164	4.90	12	12	—	—	"
KLM C	F.150	120	1.90	42	8.50	16	13	"
KLM P	F.55	10	0.10	—	—	—	—	"
KLM P	F.70	5	0.10	—	—	—	—	"
KLM P	F.100	—	—	20	1.50	—	—	"
KLM P	F.110	—	—	5	2.50 B	—	—	"
KLM P	F.120	15	1.30	12	5.80 B	24	10 B	"
KLM P	F.130	41	4.20	12	9.50 B	—	—	"
KLM P	F.140	10	10 B	—	—	—	—	"
NATN C	F.120	12	0.90 A	—	—	—	—	F.117
NATN C	F.130	—	—	5	1	—	—	"
NATN P	F.115	—	—	10	2.50	10	4	"
PHIL C	F.15	—	—	10	9	—	—	F.23.70
PHIL C	F.17.50	10	6.40	—	—	—	—	"
PHIL C	F.20	—	—	258	4.60	—	—	"
PHIL C	F.22.50	116	1.70	170	2.40	—	—	"
PHIL C	F.25	63	0.40	85	1.50	44	2.60 A	"
PHIL C	F.27.50	—	—	152	0.70	188	1.40	"
PHIL P	F.22.50	—	—	10	0.50	—	—	"
PHIL P	F.25	—	—	36	1.80	21	2.10	"
RD C	F.90	133	1	107	3.50	17	5.90	F.84.90
RD C	F.100	79	0.10	—	—	15	2.80	"
RD C	F.110	—	—	7	1	—	—	"
RD P	F.80	55	0.90	14	3.40	—	—	"
RD P	F.90	25	5.60	—	—	—	—	"
RD P	F.100	—	—	6	16.50	5	17.50	"
UNIL C	F.160	—	—	9	3	—	—	F.151.30
		Aug.		Nov.		Feb.		
BOEI C	$30	—	—	—	—	10	4⅞	$30⅝
BASF C	DM.130	5	9.50	—	—	—	—	DM140.50
BASF C	DM.140	35	2	—	—	—	—	"
VW C	DM.160	61	14.50	—	—	—	—	DM174.40
VW C	DM.170	20	5.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2992

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½ %
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12½ %
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½ %
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.

† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.

‡ Call deposits £1,000 and over 9%.

§ Demand deposits 9½%.

‖ 21-day deposits over £1,000 10½%.

Berisford buys more British Sugar shares

S. and W. Berisford continues to buy shares in the market from British Sugar shareholders which had previously agreed to accept its bid, but other shareholders have simply withdrawn their acceptances.

Yesterday Berisford said that it had paid 335p a share for a further 330,000 previously assented shares, while British Sugar claimed that shareholders representing 121,016 shares had revoked their acceptances as they are permitted to do under Takeover Code rules.

Bunzl selling subsidiary to RTZ for £2m

RTZ Chemicals is to purchase the whole of the issued capital of Bunzl Adhesive Materials, Scarborough, a subsidiary of Bunzl Pulp and Paper. Final consideration is likely to be just under £2m. RTZ intends to develop the Scarborough plant in connection with its existing business at Dukinfield, Cheshire.

The purchase consideration, payable in cash and less than 3 per cent of net assets employed, will be determined by reference to audited accounts at June 30 1981. This will not require Bunzl to make a provision in the 1981 accounts.

Share stakes

Hawtin—P. G. Holdings sold 250,000 Hawtin shares on June 10 and a further 250,000 on June 18.

S. Casket (Holdings)—A director, Mr Tony Casket, has purchased 25,000 shares, bringing his total holding to 716,898.

The British Electric Traction Company—Sir John Spencer Wills, chairman, has acquired 190,100 deferred ordinary as a result of an option scheme.

Scottish Ontario Investment Company—The Northern American Trust Company has disposed of 29,500 5 per cent preference shares (5.8 per cent), the company's total holding.

Evered and Co. Holdings—The J. H. Wilson will trust has disposed of 15,000 ordinary shares in Evered and Co. Holdings. As a result Mr J. O. W. Field, vice chairman of Evered, has ceased to be non-beneficially interested (as trustee) in those shares.

Cardinal Investment Trust—Sun Life Assurance Society now holds 2,126,880 shares (14.03 per cent).

Hanson Trust—As a result of a recent purchase of 100,000 shares by a subsidiary, Prudential Corporation Group of Companies holds 5,500,528 shares (5.05 per cent).

Assam-Dooars Holdings—Western Dooars Tea Holdings acquired 25,000 shares and now holds 219,580 ordinary shares (21.53 per cent).

W. and J. Glossop—Mr. D. M. Burnell, director, disposed of 30,000 ordinary.

TODAY'S COMPANY MEETINGS

Advance Services, Stratton House, Stratton Street, W, 12.00.
Allebone and Sons, 9, Station Road, Kettering, Northamptonshire, 12.00.
Antofagasta (Chili) and Bolivia Rly, Winchester House, 100, Old Broad Street, EC, 12.15.
Border Breweries (Wrexham), Wrexham AFC Centenary Club, Wrexham, 12.00.
Crother (John), Union Mills, Milnsbridge, Huddersfield, 11.00.
De Vere Hotels Restaurants, Connaught Rooms, Great Queen Street, WC, 12.00.
Edinburgh Inv. Tst., 3, Charlotte Square, Edinburgh, 12.00.
Ellis and Goldstein, Barrington House, Wood Street, EC, 12.00.
Hoveringham Group Head Office, Hoveringham, Nottingham, 11.00.
London and Northern Group, Essex Hall, Essex Street, WC, 3.00.
London Atlantic Inv. Tst., 91, Waterloo Road, SE, 10.30.
London Pavilion Cafe Royal, 68, Regent Street, W, 12.00.
North (M. F.), Stanhope Court Hotel, Stanhope Gardens, SW, 2.30.
Rickmansworth and Uxbridge Valley Water, London Road, Rickmansworth, 11.45.
Scottish Heritable Tst., 11, George Square, Glasgow, 12.00.
Seccombe Marshall and Campion, 7, Birchin Lane, EC, 3.30.
Tootal, 56, Oxford Street, Manchester, 12.00.
Triplevest, 117, Old Broad Street, EC, 12.00.
Towles, Queen's Road, Loughborough, Leicestershire, 11.30.
Trust Union, Mermaid House, 2, Puddle Dock, EC, 2.30.
Warrington (Thomas), Queen Hotel, City Road, Chester, 11.00.

RESULTS AND ACCOUNTS IN BRIEF

HUNTING ASSOCIATED INDUSTRIES (engineering, aviation support, resource surveys and photography)—Results for 1980 and prospects reported May 20. Shareholders' funds £27.27m (£24.88m): fixed assets £22.47m (£13.65m): current assets £56.29m (£51.25m): current liabilities £46.76m (£37.03m), including bank loans and overdrafts £10.94m (£4.32m). Decrease in working capital £5.03m (£1.08m increase). Certain properties in the UK have been revalued at £12.3m (book value £6.04m). Meeting, 243 Knightsbridge, SW, July 14, 12.30 pm.

ROWLINSON (construction)—Results for year to end March 1981 reported June 4. Fixed assets £579,086 (£705,488), investment properties £8.19m (£7.58m), net current assets £870,860 (£907,208), shareholders' funds £7.72m (£6.28m). Meeting, Stockport, July 9, 12 noon.

PHILIP HILL INVESTMENT TRUST—Results for year to March 31, 1981, reported May 29. Shareholders' funds £180.62m (£114.36m). Investments £158.74m (£122.85m); current assets £11.28 (£6.72m): current liabilities £4.84m (£4.47m). Uninvested funds increased £4.77m (£387,000). Meeting, 1 Brewer's Green, SW, July 16, 2.45 pm.

LONDON AND HOLYROOD TRUST—Results for year ended March 31, 1981, reported April 21. For current year, chairman says no dramatic change in revenue is expected. Shareholders' funds £18.29m (£16.98m). Investments at cost £18.66m (£18.11m) and at valuation £47.35m (£35.31m). Current assets £942,586 (£799,256): current liabilities £965,814 (£1.58m). Uninvested funds rose £786,827 (fell £1.99m). Meeting, P & O Building (2nd Floor), EC, July 16, 3 pm.

DERITEND STAMPING COMPANY (forgings and pressings manufacturer)—Results for year to February 28, 1981 reported June 4. Group shareholders' funds £12.13m (£13.89m). Fixed assets £8.03m (£7.08m). Net current assets £4.11m (£6.25m). Chairman says productivity has improved dramatically in many areas and the company is thus well placed for any upturn in business activity. Meeting, Droitwich, Worcs., July 15, 12.30 pm.

AIRFLOW STREAMLINES (motor dealer and body engineer)—Results for year to February 28, 1981, reported June 5. Shareholders' funds £3.96m (£4.21m), fixed assets £4.81m (£5.8m), net current assets £422,943 (£464,244). Meeting, Northampton, July 16, at noon.

LONDON AND LENNOX INVESTMENT TRUST—Results for year ended March 31 1981 reported June 3. Shareholders' funds £11.03m (£8.47m). Loan capital (secured) £1.54m (£0.65m). Investments at valuation £14.1m (£9.08m). Net current liabilities £1.52m (£49,098 assets) including debtors for investments sold £0.55m (£1.76m). Liquidity decreased £1.6m (£0.63m). Meeting, 2 St Mary Axe, EC, July 15, 11.30 am.

ASSAM-DOOARS HOLDINGS (tea producer)—Results for 1980 reported May 21. Shareholders' funds £3.97m (same); investments £2.27m (£2.07m): amounts due from Goodricke Group—company's operating subsidiaries in India—£776,723 (£1.54m): net current assets £922,076 (£367,816) including cash balances £472,398 (£48,500): net decrease in liquid funds £345,317 (£592,602). Auditors say they cannot satisfy themselves as to the amounts due from Goodricke Group. Meeting: Upper Thames Street, EC, July 14, 11 am.

JOINT COMPANY ANNOUNCEMENT

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED

DUIKER EXPLORATION LIMITED ("DUIKER")

FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED ("FSS")

WELKOM GOLD MINING COMPANY LIMITED ("WGM")

WESTERN HOLDINGS LIMITED ("WEST HOLD")

(All of which are incorporated in the Republic of South Africa)

MINING OF ERFDEEL/DANKBAARHEID AREA.
FORMATION OF ENLARGED WESTERN HOLDINGS COMPLEX AND
THE PROPOSED MERGER OF
WELKOM GOLD MINING COMPANY LIMITED AND
FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

Further to the agreed proposals for the mining by West Hold of the Erfdeel/Dankbaarheid area and the merging of the mining operations of West Hold, FSS and WGM into an enlarged West Hold mining complex, shareholders are informed that the Minister of Mineral and Energy Affairs has given the necessary approval to the granting and cession of the relevant mining leases.

Accordingly, with effect from July 1, 1981, West Hold will acquire the undertakings of FSS and WGM in return for the issue to those companies of 3 653 000 and 3 185 000 shares in West Hold respectively. These West Hold shares will, from that date, be the sole assets of those companies. Shareholders in FSS will then have an effective interest equivalent to 13 West Hold shares for every 100 FSS shares held by them, while shareholders in WGM will have an effective interest equivalent to 26 West Hold shares for every 100 WGM shares held by them. Based on their underlying assets, therefore, one WGM share is worth two FSS shares.

As indicated previously, it is now intended to put forward proposals to shareholders of FSS that their company should become a wholly-owned subsidiary of WGM, on the basis that shareholders of FSS should receive 50 WGM shares for every 100 FSS shares held. It is anticipated that full details of these proposals will be posted to shareholders of both FSS and WGM on July 3, 1981.

Copies of this announcement are being posted to all members of Duiker, FSS, WGM and West Hold at their registered addresses.

Johannesburg
June 24, 1981

I.I.I. International Insurance Investors N.V.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 17th JULY, 1981

TO: **Shareholders of I.I.I. International Insurance Investors N.V.** Notice is hereby given that an Extraordinary General Meeting of Shareholders of I.I.I. INTERNATIONAL INSURANCE INVESTORS N.V. (the "Company") will be held at the registered office of the Company, at Handelskade 8, Curacao, Netherlands Antilles, on 17th July, 1981, at 3.00 p.m. Netherlands Antilles time for the purpose of electing additional Managing Directors to the Board and considering a proposal to amend the Articles of Incorporation of the Company.

CURACAO CORPORATION COMPANY N.V. *Managing Director*

United Computer and Technology Holdings

Public Limited Company

(Incorporated on 27th March 1981 under the Companies Acts 1948 to 1980. Registered in England No. 1553377)

OFFER FOR SUBSCRIPTION

to the Ordinary Shareholders, Convertible Preference Shareholders and Convertible Loan Stockholders of

Automated Security (Holdings) Limited

and to the Income Shareholders, Capital Shareholders and Preference Shareholders of

Rights and Issues Investment Trust Limited

of 2,000,000 Ordinary Shares of 50p each (with rights to Warrants) at 100p per share, payable in full on acceptance

Particulars of the Warrants are set out below.

Directors
Thomas Vigus Buffett. (Canada) *Chairman*
Oak Lodge, The Common,
Berkhamsted, Herts HP4 2QF.

John Victor Woollam, *Deputy Chairman*
3 South Hill Grove, Oxton, Birkenhead,
Merseyside L43 5S8.

Simon Harold John Arthur Knott, B.A.(Econ)
403 Goldhawk Road, London W6 0SB.

Brian William Mills, B.A. F.C.C.A. F.B.C.S.
Flag Lodge, The Avenue, Tadworth,
Surrey KT20 5DE.

John Desmond Robertshaw, M.A. F.C.A.
Birches Farm, Isfield, Sussex TN22 5TY.

Philip Leonard Rule, B.Sc.
Stowe Hill, Lichfield,
Staffordshire WS13 6TL.

John Turner Stewart. Jnr (USA)
5188 Roswell Road, Suite 200,
Atlanta, Georgia 30342, USA.

SHARE CAPITAL

Authorised	Issued and to be issued fully paid
£1,400,000 in 2,800,000 Ordinary Shares of 50p each.	£1,250,000.

The 2,500,000 Ordinary Shares of the Company issued or to be issued comprise: (i) the 2,000,000 Ordinary Shares now offered for subscription, (ii) 312,000 Ordinary Shares to be made available to the Stock Market, (iii) 100,000 Ordinary Shares allotted on 27th May 1981 to Rights and Issues Investment Trust Limited ("Rights & Issues") for cash at 100p. per share, (iv) 67,996 Ordinary Shares for which Automated Security (Holdings) Limited ("ASH") has agreed to subscribe at 100p. per share and (v) 4 Ordinary Shares taken up by the subscribers to the Memorandum of Association of the Company (in each case with rights to Warrants).

Bankers
Barclays Bank Limited,
9 Gracechurch Street, London EC3V 0BB.

Brokers
Greene & Co, Bilbao House,
36/38 New Broad Street, London EC2M 1NU.

Auditors and Reporting Accountants
Binder Hamlyn, Chartered Accountants,
8 St Bride Street, London EC4A 4DA.

Solicitors
Cardales, Dauntsey House, Frederick's Place,
Old Jewry, London EC2R 8HN.
Richards, Butler & Co,
5 Clifton Street, London EC2A 4DQ.

Secretaries and Managers
Energy Finance and General Trust Limited,
Dauntsey House, Frederick's Place,
Old Jewry, London EC2R 8HN.

Registrars
Frazer Whiting & Co, City Gate House,
Finsbury Square, London EC2A 1EP.

Registered Office
Dauntsey House, Frederick's Place,
Old Jewry, London EC2R 8HN.

INTRODUCTION

United Computer and Technology Holdings p.l.c. ("the Company") was incorporated in March 1981 and has not yet commenced business. Its objective is to provide investors, through the medium of a specialist investment company, with a portfolio of investments in smaller listed and unlisted companies engaged in the field of computers, telecommunications and other areas of high technology. In a period when technological advance is becoming very rapid and the number of opportunities for involvement is increasing, the Company believes that it is in a good position to take advantage of these opportunities, although recognising that in many instances the risk involved is very high. The Directors are associated with a number of companies which have been successful in areas of high technology and believe that there is scope for above average capital appreciation.

The Company has been sponsored by ASH in association with Rights & Issues ("the Sponsoring Companies"). In view of its close association with the Sponsoring Companies, 187,996 Ordinary Shares (with rights to Warrants) in the Company have been or will be issued to the Sponsoring Companies as mentioned above, and 2,000,000 Ordinary Shares (with rights to Warrants) in the Company are now being offered for subscription to the holders of the Income, Capital and Preference Shares of Rights & Issues and of the Ordinary and Convertible Preference Shares and Convertible Loan Stock of ASH.

Provisional approval has been given by the Inland Revenue for Investment Trust status for taxation purposes subject to the affairs of the Company being conducted in accordance with the provisions of Section 359 of the Income and Corporation Taxes Act 1970 ("the Taxes Act"). *The Directors intend to conduct the affairs of the Company so that it will qualify as an* Investment Trust for taxation purposes. However, as the Company has a wider investment policy than the traditional Investment Trust, its application for listing on The Stock Exchange is as an investment company.

It is intended to issue to the Directors, for a consideration of £10 per person, Warrants *conferring rights to subscribe an aggregate of 83,334 Ordinary Shares of the Company (Material* Contract No (4)). The Directors have agreed not to sell their Warrants or the shares issued consequent upon the exercise of the same prior to 1st April 1984. 82 per cent. of these Warrants have been allotted to those Directors with independent experience of areas of technology in which the Company may want to invest and to whom Director's fees may be considered only a nominal reward.

MANAGEMENT

The Company will be managed by its Directors in accordance with the policy outlined below. It will be assisted by its Secretaries and Managers, Energy Finance and General Trust Limited ("EFGT"), from whose offices it will operate. EFGT will be particularly engaged in the monitoring of those companies which have no listing on a recognised stock exchange. EFGT has extensive experience of investment management through its investment management subsidiary, Silkbarn Management Limited.

INVESTMENT POLICY

It is envisaged that in geographical terms there will be no limit to the Company's scope for investment in "high technology" companies as described above. Opportunities for such investment can occur in many parts of the world.

It is the intention that the funds will be widely invested and that the Company will operate similarly to a traditional investment trust company except that, as indicated below, the Board have the power to invest up to sixty per cent. of the portfolio in unlisted securities. No management or legal control will be taken of underlying investments, but board representation may be sought.

The initial portfolio of the Company may include shareholdings in unlisted companies such as G.B. Jackson Associates Limited, Computer Ancillaries Limited and LPA-Rem Electrical Limited. Shareholdings in these companies are already held by Rights & Issues and the whole or part of these shareholdings may be acquired by the Company in due course at independent valuation, provided by an independent broker or other professional adviser, subject (where appropriate) to shareholders' consents. Mr. J. V. Woollam is a director of Computer Ancillaries Limited and Mr. S. H. J. A. Knott is a director of G.B. Jackson Associates Limited.

G.B. Jackson Associates Limited, which has traded for approximately 7 years, is principally a computer software house *which also supplies hardware. Its share capital at 31st* December 1980 was £103,000 and the profits for the year ended on that date were £131,175 prior to taxation (1979 – £111,424). Group net assets were £514,297.

Computer Ancillaries Limited, which has traded for approximately 10 years, distributes minicomputers and word processors in the UK. Its share capital at 31st March 1980 was £42,000 and its profits for the year ended on *that date were £115,207 prior to taxation (1979* – £67,837). Group net assets were £231,514.

LPA-Rem Electrical Limited, which has traded for approximately 9 years, is involved in the design, manufacturing and marketing of industrial electrical accessories, principally in the field of plugs and sockets. Its share capital at 30th September 1980 was £362,867 and its profits for the year ended on that date were £511,282 prior to taxation (1979 – £426,271). Group net assets were £2,112,961.

The above information is, in each case, based on the last full set of published accounts available. Not more than £75,000 will be invested in each of these three companies and it is not intended that the Company should acquire more than 26 per cent. of the voting capital of any company in which it invests.

It is the intention of the Sponsoring Companies where practicable to afford facilities to the Company to participate in the subscription or acquisition of stakes in similar high technology companies with which they may be connected in the future provided that there are no *conflicts of interest*. Any transfer between the Sponsoring Companies and the Company will be at independent valuation.

The Company's Articles of Association do not limit the Directors' discretion as regards investment policies, but in order to attain Investment Trust status for tax purposes the Directors intend to ensure that the Company's holding in any one company (other than a company *which is for the time being an Investment Trust or would qualify* as such but for the fact that its ordinary shares are not listed) does not represent more than 15 per cent. byv alue of the Company's investments at the time such holding is acquired. The Directors intend to give notice of intention to carry on business as an investment company for the purposes of Section 41 of the Companies Act 1980.

In addition the Directors will ensure that not more than sixty per cent. of the Company's assets (before deducting borrowed money) will be invested in securities not listed on any recognised stock exchange (for which purpose securities dealt in "over-the-counter" in the United States of America and Canada will be treated as listed securities as will shares dealt in on the *Unlisted Securities Market in London). A wide spread of investment will be sought* both in the listed and unlisted securities markets.

The Directors also intend to invest in gilt edged securities and equities generally, particularly in the initial years while the Company is building up its portfolio.

The net proceeds of the issue to ASH and Rights & Issues and of the offer for subscription *(including the allocation to the Stock Market) will be invested in accordance with these* policies.

DIVIDEND POLICY

The Company's income will ultimately be derived wholly or mainly from income from shares and securities comprising listed or unlisted investments in high technology companies, and at this stage capital growth rather than dividend yield will be the objective of the Directors. In the early years substantial income should be generated by deposits or investments in gilts awaiting opportunities for suitable investment. The Company, in order to comply with the investment trust rules under the Taxes Act, will not retain in respect of any accounting period more than 15 per cent. of the income which it derives from shares and securities. The Company is prohibited by its Memorandum of Association from making any distribution by way of dividend of surpluses arising on the realisation of investments.

DETAILS OF THE DIRECTORS

T. V. Buffett (*Chairman*) (45) has been Chairman of Automated Security (Holdings) Limited for 7 years and is a Director of Transatlantic Oil Company Limited.

J. V. Woollam (*Deputy Chairman*) (53) has been Chairman of The Tor Investment Trust Limited since 1973 (Director 1968), Chairman of Rights and Issues Investment Trust Limited since 1967 and is Chairman of the Northern and Scottish Advisory Board of the Legal and General Assurance Society, a Director of Computer Ancillaries Limited, First Castle Electronics Limited, and Energy Finance and General Trust Limited.

S. H. J. A. Knott (49) is a partner in Greene & Co, Stockbrokers, a Director of Discretionary Unit Trust Managers Limited, has been a Director of Rights and Issues Investment Trust Limited for 18 years and is a Director of Automated Security (Holdings) Limited, United Scientific Holdings Limited, LPA-Rem Electrical Limited and other companies.

B. W. Mills (48) is a Certified Accountant. He was Chairman of B.O.C. Datasolve *Limited from 1974 to 1980 and from 1977 to 1980 was a Director of Datastream Limited. He is* a Director of Abtex Computer Systems Limited and Britton Lee Inc. and of other companies in the computer industry.

J. D. Robertshaw (52) is a Chartered Accountant. He has been a Director of Rights and Issues Investment Trust Limited for 18 years and is Chairman of United Scientific Holdings *Limited, a Director of Kode International Limited, a Director of Energy Finance and General* Trust Limited and of other companies.

P. L. Rule (45) has been Chairman and Managing Director of Safe Computing Limited for 8 years and is a Director of Kode International Limited and a number of other companies operating in the same industry.

J. T. Stewart (35) is President of Megaplex Networks Inc., a company specialising in energy, management, security and telecommunications in the United States of America.

WARRANTS

The persons in whose names the 2,500,000 Ordinary Shares (issued and now to be issued) are first registered will receive Warrants conferring, in respect of every fifteen Ordinary Shares so registered, the right to subscribe for one Ordinary Share of the Company. This right may be exercised on 30th August in any of the years 1982 to 1988 inclusive at 100p per Ordinary Share.

It is anticipated that Ordinary Shares (with rights to Warrants) in the Company will be dealt in until 30th July 1981. Thereafter Ordinary Shares and Warrants will be dealt in separately. Particulars of the Warrants are set out below.

Warrants in respect of a fraction of a share will not be issued. Consequently a shareholder's entitlement to Warrants on application for registration will be aggregated and any entitlement to a fraction of a share will be disregarded, be aggregated with other fractional entitlements and (if practicable) sold for the benefit of the Company.

Details of the Warrants allotted to Directors are set out below.

ACCOUNTS AND ACCOUNTANTS' REPORT

The first accounts of the Company will be made up for the period from its incorporation to 31st March 1982.

The following is the text of a Report received by the Directors of the Company from Binder Hamlyn, *Chartered Accountants, the Auditors of the Company and Reporting Accountants.*

8 St Bride Street
London EC4A 4DA
23rd June 1981

The Directors
United Computer and Technology Holdings p.l.c.
Dear Sirs

We report that United Computer and Technology Holdings p.l.c. was incorporated on 27th March 1981. Since that date no accounts have been made up, no dividends have been declared or paid and the Company has not commenced business.

Yours faithfully
Binder Hamlyn,
Chartered Accountants.

WORKING CAPITAL

The Directors are satisfied that after the issue has taken place the Company will have sufficient working capital for its present requirements.

TAXATION

(i) The Company

The Directors intend to procure that the Company satisfies the criteria for approval as an investment trust laid down in Section 359 of the Taxes Act and to apply to the Inland Revenue for such approval. If such approval is granted the Company will be exempt from corporation tax on its capital gains as a result of the Finance Act 1980.

The Company's income (including income from overseas securities) after deduction of management expenses and deductible charges will be subject to corporation tax in the normal manner. However, double taxation relief will normally be available in respect of withholding tax suffered on foreign dividends and interest.

(ii) Shareholders

Shareholders (unless exempt from capital gains tax) may be liable to United Kingdom capital gains tax on any chargeable gains arising from the disposal of their Ordinary Shares and Warrants.

As regards capital gains tax on Warrants the Directors have been advised that:—

(a) *the cost of subscribing for Ordinary Shares (with rights to Warrants) will be apportioned* between the Ordinary Shares and the Warrants on the basis of their respective values at the date of allotment of the Ordinary Shares, and the relationship between these values is expected to be close to that between the Ordinary Shares and the Warrants on the date when they are first dealt in separately;

(b) under the provisions of the Capital Gains Tax Act 1979 the Warrants will not constitute "wasting assets" and on their disposal (which includes their abandonment) the full cost of the Warrants, calculated as above, will be allowable in computing any gain or loss; and

(c) persons who exercise the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants, but the cost thereof will be added to the amount paid on exercising those rights in computing any gain or loss on the disposal of the Ordinary Shares acquired thereunder.

PARTICULARS OF THE WARRANTS TO SUBSCRIBE ORDINARY SHARES OF THE COMPANY

Warrants will be issued subject to and with the benefit of the following conditions:—

1. Subscription Rights

(a) A registered holder for the time being of a Warrant shall have rights ("subscription rights") to subscribe in cash, on a "subscription date", being 30th August in any of the years 1982 to 1988 inclusive (or, if later, the thirtieth day after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are despatched to shareholders), all or any of the number *of Ordinary Shares of the Company specified in the Warrant at 100p per Ordinary Share ("the subscription price")*, payable in full on subscription. The number and/or nominal value of shares to be subscribed and the subscription price will be subject to adjustment as provided in paragraph 2(a) below.

(b) In order to exercise the subscription rights in whole or in part the registered holder of a Warrant must lodge it at the office of the Registrars of the Company on or within 28 days prior to the relevant subscription date, having completed the notice of subscription thereon, accompanied by a remittance *for the subscription price of the Ordinary Shares in respect of which the subscription rights are exercised.* Once lodged, a notice of subscription shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable.

(c) Not earlier than six weeks nor later than four weeks before each subscription date the Company shall give notice to the holders of the outstanding Warrants reminding them of their subscription rights.

(d) Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted not later than 14 days after and with effect from the relevant subscription date and certificates in respect of such Ordinary Shares will be issued not later than 28 days after the relevant subscription date to the persons in whose names the Warrants are registered at the date of such exercise or to such other persons as may be named in the form of nomination on the reverse of the Warrant. In the event of a partial exercise of the subscription rights comprised in a Warrant, the Company shall at the same time issue a fresh Warrant in the name of the registered holder for any balance of his subscription rights remaining exercisable.

(e) Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, made or paid in respect of any financial year of the Company prior to the financial year current at the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year and *pari passu* in all other respects with the Ordinary Shares in issue at that date.

(f) Application will be made to the Council of The Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List, and the Company will use *all reasonable endeavours to obtain the grant thereof not later than 14 days after the* relevant subscription date.

(g) *Within 7 days following the final subscription date the Company shall appoint a trustee who*, within 14 days following that date, shall exercise such subscription rights as have not been exercised and sell the shares acquired on such subscription and, provided that the net proceeds of such sale exceed the subscription price, distribute pro rata the net proceeds less such subscription price to the persons entitled thereto within two calendar months of the final subscription date, provided that entitlements of under £1 shall be retained for the benefit of the Company.

2. Adjustment of Subscription Rights

(a) After any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date or upon any subdivision or consolidation of the Ordinary Shares on or before such date, the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights will be increased or, as the case may be, reduced in due proportion and the subscription price will be adjusted accordingly. On any such capitalisation, sub division or consolidation the auditors for the time being of the Company shall certify the appropriate adjustments and, within 28 days thereof, notice will be sent to each holder of a Warrant, together with a Warrant in respect of any additional shares for which that holder is entitled to subscribe in consequence *of such adjustments, fractional entitlements being ignored.*

(b) If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation (whether by rights issue or otherwise) to the holders of the Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(f) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then *holders of the Warrants* as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment pursuant to sub-paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date.

3. Other Provisions

So long as any subscription rights remain exercisable:—

(a) the Company shall not (i) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares, (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the *holders of its Ordinary Shares or (iii) on or by reference to a record* date falling within the period of six weeks ending on any subscription date make any such offer or invitation as is referred to in paragraph 2(b) above (except by extending to holders of the Warrants any such offer as may be made by a third party);

(b) the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital, except for shares which carry as compared with the existing Ordinary Shares no greater rights as regards voting, dividend or capital;

(c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount;

Continued

UK COMPANY NEWS

Davenport Knitwear tops £1.1m

LEICESTER-BASED Davenport Knitwear, manufacturer of knitted fabrics and garments, made a pre-tax profit last year of £1.12m compared with 1979's £807,371. At midway the figure was £469,000 against £344,000.

The dividend per 10p share for the year will be increased from 4.9p to 5.67p.

Mr R. A. Davenport, the chairman, says that 1980 has been an exceptional year involving circumstances that in all probability will not be repeated in 1981.

Total tax for the year was £581,202 (£463,844), leaving attributable profits of £539,084 against £343,527. Retained profits are £439,859 (£255,227), which added to undistributed profit brought forward of £1.71m (£1.48m) makes a total for the balance carried forward of £2.36m (£1.71m).

Halma slips by £0.17m

PRE-TAX profits of Halma, which makes systems such as locks and fire equipment, fell by £169,000 to £1.28m for the year ended March 28, 1981, despite an increase in turnover from £12.59m to £14.19m.

The final dividend is increased from 0.83p to 1p, making a total of 1.624p compared with last year's 1.35p.

Earnings per 10p share are shown at 6.44p (6.89p). A scrip issue of one-for-three is also proposed.

Attributable profits were £886,000 against £995,000, after tax of £344,000 (£454,000).

Pre-tax figure was struck after extraordinary debits, £44,000 (£5,000 credits) and minorities. Interest of £86,000 (£48,000).

The board says that direct exports increased by 22 per cent to £2m and overseas sales, benefiting from a full year's consolidation of Post Glover Inc., rose by 65 per cent to £4.08m.

BOOSEY & HAWKES

Boosey and Hawkes announces that, as foreshadowed in a circular to shareholders on June 12, agreement has been reached on disposal of its leasehold interest in 33, Margaret Street, London W1 to a leading insurance company. Boosey and Hawkes agreed, subject to contract and as part of the consideration for sale of its leasehold interest, to acquire the head lease of 295 Regent Street. The net cash consideration payable to the company will be £4.15m.

GEI dives £3.3m but holds payout

TAXABLE PROFITS of GEI International, the Bedfordshire-based engineering concern, plunged from £6.82m to £3.48m in the 12 months to March 31 1981 despite all the operating divisions remaining profitable. Turnover declined by £9.62m to £55.32m.

Mr Thomas Kenny, the chairman, says the engineering sector of the economy took a terrible beating because of the recession but in comparison with others, the results are creditable.

He warns that the results for the opening half of the current year "will not be exciting."

However, although the group has not yet seen any visible evidence of an upturn in the economy the chairman is hopeful that the second leg of the year "will show an improvement."

The dividend for the year is being maintained at 5.315p net by a same-again final of 3.555p.

At the interim stage profits had fallen back to £1.53m, after deducting a £210,000 loss on a closed subsidiary, compared with £2.41m for the corresponding period a year earlier.

Tax for the year was lower at £1.21m (£3.01m) after which stated earnings per 20p share before extraordinary debits emerged at 6.6p (12.8p) basic and 6.4p (10.8p) fully diluted.

There was a retained loss for the year of £312,000 (£1.57m profit) after extraordinary debits of £395,000 (nil) relating to the closure of Musgrove and Green, announced in the interim statement. On a CCA basis the pre-tax figure is reduced to £1.7m.

The results include figures for five months of Europack Engineering, acquired last November for £732,000 cash. Its contribution to pre-tax profits amounted to £135,000.

Mr Kenny states that had it not been for the group's capital expenditure programme over the past year and earlier years profitability would have been more seriously damaged. He says that modernisation of production methods continues to be the group's theme.

Capital expenditure during the past year amounted to £1.8m and is expected to total the same amount in the current year. Further expansion is being looked for within the packaging division.

Last year the group reduced its UK workforce by 900, 26 per cent of its UK total. More than half its operations are currently on short-time working but the group hopes there will be no further closures.

Commenting on the results the chairman says that the main strain was taken by the steel drawing companies and the manufacturer of wheels for commercial vehicles. Both activities however made money.

Group exports showed a further increase from £8.6m to £9.4m and now represent 17 per cent of total turnover. This trend is expected to continue.

Mr Kenny points out that the purchase of Sanderson Kayser, special steels manufacturer, was more than justified. The packaging division performed well, increasing sales and profits.

A breakdown of trading profits for the year shows: Midland Steel £1.04m (£2.5m); Midland Bright £226,000 (£1.01m); special products £312,000 (£621,000); packaging £848,000 (£660,000); and SK Holdings £1.4m (£1.63m).

At year-end, net cash and government securities amounted to £6m. The surplus of current assets over liabilities exceeded £19m and net tangible assets stood at 94.6p per share.

Mr Thomas Kenny . . . hopeful of second half improvement in the current year

● comment

GEI's pre-tax profits have been cut in half over the past year, largely because its steel interests—MSP and Midland Bright—fell £2.2m short of their combined 1980 performance. By comparison with yesterday's results from Arthur Lee, GEI has come quite well out of a desperate period for steel processing, and it is creditable for there to have been any profit from bright bar operations. This may have something to do with Midland probably having more freedom than Lee to buy black bar cheaply on the open market. Packaging machinery was the only division of GEI to show increased profits, up 10 per cent like-for-like and further improved by five months from Europack. Even after a 26 per cent redundancy, short-time working still prevails in more than half the group. The expansion possibilities latent in net cash of £6m and this year's prospective loss-eliminations seem adequately reflected in a fully-taxed and diluted p/e of 15¼. The unchanged — just covered — dividend kept the shares on 78p, where they yield 10 per cent.

Nova Knit reaches £630,000

PRE-TAX profits of Nova (Jersey) Knit advanced from £518,000 to £630,000 in the year ended March 31 1981 on increased turnover of £6.82m as against £6.66m.

At the half year stage this group, involved in the manufacture and sale of jersey fabric, made taxable profits of £299,000 (£169,000) and turnover stood at £2.99m (£3.97m).

The directors have recommended an increased final dividend of 2.5p net (2p) per 20p share making a total for the year of 4.5p (3.5p).

They report that the effect of disruption caused by flooding of the group's factory in December 1979 was greater in the earlier part of the year, and the recovery of turnover is now accelerating. They are confident the company is on course for continued improvement.

The earnings per share are stated at 19.15p (16.22p). Tax for the year took £66,000 (£43,000)

Arthur Lee drops £2.65m into the red at six months

TURNOVER of Arthur Lee and Sons dropped from £38.4m to £23.92m and for the half year ended March 31 1981 this steel bars, strip, wire and wire rope manufacturer suffered a taxable loss of £2.65m, compared with a previous £637,000 profit.

The directors state that volumes showed a substantial reduction, demand was weak in all product areas, and although market share was retained overll, competition, both from the UK and overseas, was fierce.

The company is now beginning to see benefits of severe cost cutting measures that have been taken. Further moves are still in hand and other areas of rationalisation are being pursued.

Also in recent weeks there has been a small, but discernible, improvement in the rate of order intake. The directors say this probably signifies a slowing down in the rate of de-stocking by customers rather than any substantial increase in their levels of activity.

No significant change is expected before the end of the current year.

Nevertheless, the group feels there are grounds for believing that the rate of lossmaking is diminishing significantly.

The interim dividend has been omitted (0.44p) as was last year's final when the group incurred a pre-tax loss of £719,264 (£1.95m profit).

The number of personnel has been reduced by 30 per cent over a 12 month period and short time working has been widespread, the directors state. Steps have been taken to contain the group's finance requirements and borrowings are £1m lower than at September 30 last, they add.

Pre-tax loss for the six months included associates share of £118,000 (£117,000). Tax figure was a £1.29m credit (£135,000 charge) and after minority interests, £213,000 (£33,000) and an extraordinary debit of £100,000 (nil), the attributable deficit came through at £1.2[illegible]m (£469,000 surplus).

Loss per 12½p share is given as 4.03p (1.49p earnings).

● comment

Steel drawing and rolling have been heavy loss-makers at Arthur Lee and Sons, for which the continued—but reduced—profitability of the group's stock-holding activity has been unable to compensate. In the last 12 months, Lee has shed 30 per cent of its workforce, which could make for cost savings in a full year of £3½m or more. There should also be loss-elimination from plant-closures and other rationalisations. Most plant is now working 5 days, but there is still spare capacity and volume inceases will almost certainly be required before Lee can return to the black. Feeble signs of reviving demand suggest that the group may be nearing break-even by the end of the year, but its order cycle is too short to allow confident forecasts. Lee will have to rely on its balance sheet for some while, and has done well to reduce its gearing—now about 23 per cent of shareholders' funds—while suffering such punishment at the trading level. The shares fell 4p to 13p, where an 83 per cent discount to asset-backing emphasises how arduous the turnround is likely to be.

R. Paterson and Sons climbs to £808,000

SECOND-HALF taxable profits of R. Paterson and Sons climbed from £327,000 to £678,000 bringing the total for the year to March 28 1981 to £808,000 compared with £537,000. Turnover for the 12 months came out £3.16m higher at £20.4m.

The final dividend is to be increased to 1.55p net (1.41p) per 25p share making 2.175p (2.035p), while the fully diluted earnings per share are stated at 5.27p (2.05p).

The directors of this Glasgow-based group involved in the manufacture and distribution of chicory and coffee essence and food products say many of the difficult trading conditions which prevailed in the last 12 months still exist and there is no reliable evidence yet of an upturn.

However, they are confident the company should be able to report an even more satisfactory profit performance for 1981-82, with the group benefiting from the impact of a full year's profits from Schwartz Spices, an exciting brokerage portfolio of products and progress in reducing borrowings and thus interest charges.

They say that the results of Schwartz Spices being consolidated 100 per cent from January 1981 greatly helped the rise in group turnover of 18.3 per cent and pre-tax profit of 50.5 per cent.

The rest of the group continued to make progress in the face of a major destocking and rationalisation policy by the retail trade, which continued to be apparent in final quarter, they say.

Pre-tax profits were struck after interest charges of £349,000 (£506,000) and a share from associates of £452,000 (£458,000). Tax took £166,000 (£286,000) and after extraordinary credits of £329,000 (£54,000 debits) the attributable profit emerged at £971,000 (£197,000).

YEARLINGS UNCHANGED

The interest rate for this week's issue of local authority bonds is 13¾ per cent, unchanged from last week. The bonds are issued at par and are redeemable on June 30 1982.

A full list of issues will be published in tomorrow's edition.

Barget incurs £488,000 loss but better prospects

A NEAR £200,000 pre-tax loss in the final three months of 1980 left Barget, furniture manufacturer, with a deficit of £488,000 for the 15 months to end December. For the previous year a loss of £857,000 was incurred.

Turnover for the extended period was £2.9m (£3.58m for 12 months) with £847,000 coming in the last 3 months. There is no tax, against a credit of £39,000 previously.

Again no dividend is payable, but trading figures for 1981 are such that the board feels confident in anticipating that a payment will be made in respect of this year.

The board has taken steps to reorganise the company's borrowings by replacing overdraft facilities with medium-term financing. It is about to conclude arrangements for a £1m medium-term facility at a considerably lower cost than previous overdraft facilities. This will provide a firm basis for the financing of the business.

In view of the significant effects that have taken place this year and the change in the company's activities and profitability, the board feels it most important for shareholders to receive as soon as possible financial statements that illustrate the turnround in the company's affairs.

Accordingly it is hoped to release 1981 interim figures during August, which will be accompanied by an unaudited interim balance sheet.

E. Austin falls to £93,000 on lower sales

TAXABLE PROFITS of E. Austin and Sons (London), whose business is materials handling and warehousing, were £93,000 in the year to the end of March 1981, compared with £511,000. At midway they had been £68,000 against £228,000.

Turnover is also down at £5.72m compared with £6.31m. A final dividend of 0.8875p is to be paid, making a total of 1.3125p. This is effectively the same as last year after the three-for-one scrip issue.

Earnings per 25p share are stated at 1.49p against 10.3p adjusted.

Norwest Holst recovers

IN THE YEAR to the end of March 1981 the civil engineering and building contractor Norwest Holst Holdings made a turnaround from losses of £1.85m to a pre-tax profit of £2.04m, after exceptional debits of £1.73m, against £5.94m.

Turnover was up from £177.47m to £181.85m. Tax took £844,000, compared with a credit of £37,000 and attributable profits were £2.53m (loss £2.09m) after an extraordinary credit of £1.35m (debit £263,000).

The comparisons relate to Norwest Holst, the company acquired by Norwest Holst Holdings at the end of March 1980. The £50,000 issued equity capital is all held by Dunham Mount Holdings Ltd.

Exceptional items are stated as the loss by the Marshall-Andrew Group of £1.37m (£5.94m) and redundancy payments of £354,000.

Tax includes advanced corporation tax write-off or £691,000.

Other extraordinary items are goodwill (£102,000), legal and professional fees relating to non-recurring transactions (£191,000), net surplus on disposals and cessation of trading activities amounting to £1.41m and profit on purchase for redemption of preference share of £225,000.

The board says that the current year started with an order book slightly ahead of last year.

Evans of Leeds pays 4p

WITH a final dividend up from 2p to 2.75p net, the total for shareholders of Evans of Leeds, property investment group, is increased to 4p per 25p share for the year ended March 31, 1981, compared with a previous 3p.

Gross revenue for the period was £4.87m (£4.12m) and the pre-tax figure came through ahead from £2.1m to £2.51m—at halfway taxable revenue was £1.17m (£963,751).

Earnings per share are shown as 9.226p (7.197p) at the year end.

Mansfield Brewery ahead

TAXABLE profits of Mansfield Brewery Company rose from £4.23m to £5.45m in the year ended March 27, 1981, on turnover up £13.34m at £38.6m.

At the half-year stage the company made pre-tax profits of £2.72m (£2.27m)

The directors have recommended an increased final dividend of £3.125p (2.275p) net per £1 share, making a total of 4.2p (3.25p). The earnings per share are stated at 23.6p (16p).

Tax for the year took £1.78m (£1.74m).

(d) the Company shall not (except with the sanction of an extraordinary resolution of the holders of the Warrants) reduce its share capital or (except as authorised by section 56(2) and 58(5) of the Companies Act 1948) any share premium account or capital redemption reserve fund;

(e) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable;

(f) if at any time an offer is made to all ordinary shareholders of the Company (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice to the holders of the Warrants of such vesting within 14 days of its becoming so aware, and each such holder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date;

(g) if an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the holders of the Warrants), each holder of a Warrant will (if in such winding up there shall be a surplus available for distribution amongst the holders of the Ordinary Shares which, taking into account the amounts payable hereunder, exceeds in respect of each Ordinary Share a sum equal to the subscription price) be treated as if immediately before the date of such order or resolution his subscription rights had been exercisable and had been exercised in full, on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date, and shall accordingly be entitled to receive out of the assets available in the liquidation pari passu with the holders of the Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per share equal to the subscription price; subject to the foregoing all subscription rights shall lapse on liquidation of the Company;

(h) the Company shall not grant (or agree to grant) any option in respect of or create any rights of subscription for any Ordinary Shares of the Company the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription shall be subsisting at the date of such grant or creation, would exceed in the aggregate (leaving out of account the subscription rights conferred by the Warrants) 10 per cent. of the nominal amount of the Ordinary Shares then in issue, nor (except with the sanction of an extraordinary resolution of the holders of the Warrants) will the Company grant (or agree to grant) any option in respect of or create any rights of subscription for or issue any loan capital carrying rights of conversion into Ordinary Shares if the price at which any such option or right is exercisable is lower than the subscription price for the time being.

4. Modification of Rights

All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the holders of the Warrants. All the provisions of the articles of association for the time being of the company as to general meetings shall mutatis mutandis apply as though the Warrants were a class of shares forming part of the capital of the Company but so that (a) the necessary quorum shall be the holders (present in person or by proxy) entitled to acquire one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants, (b) every holder of a Warrant present in person at any such meeting shall be entitled on a show of hands to one vote and every such holder present in person or by proxy shall be entitled on a poll to one vote for every Ordinary Share for which he is entitled to subscribe, (c) any holder of a Warrant present in person or by proxy may demand or join in demanding a poll, and (d) if at any adjourned meeting a quorum as above defined is not present, those holders of Warrants who are then present in person or by proxy shall be a quorum.

5. Transfer

Each Warrant will be registered and will be transferable in whole or in part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors of the Company. No transfer of a right to subscribe for a fraction of an Ordinary Share of the Company may be effected.

6. General

The Company will concurrently with the issue of the same to its ordinary shareholders send to each registered holder of a Warrant (or in the case of joint holders to the first-named) a copy of each published annual report and accounts of the Company, together with all documents required by law to be annexed thereto, and copies of every statement, notice or circular issued to ordinary shareholders.

For the purposes of these Particulars, "extraordinary resolution" means a resolution proposed at a meeting of the holders of the Warrants duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.

STATUTORY AND GENERAL INFORMATION

1. The Company and Its Share Capital

The Company was incorporated on 27th March 1981 under the name of Workhole Limited as a Private Company. It became a Public Limited Company on 19th June 1981. By special resolutions passed on 27th May 1981 the Company adopted its present Memorandum and Articles of Association and on 19th June 1981 its name was changed to its present name.

The original authorised share capital of the Company was £100 divided into 100 Ordinary Shares of £1 each of which 2 shares were subscribed for cash at par on 21st May 1981. On 27th May 1981 each Ordinary Share was subdivided into 2 Ordinary Shares of 50p each and the authorised capital was increased to £1,400,000 divided into 2,800,000 Ordinary Shares of 50p each by the creation of 2,799,800 Ordinary Shares of 50p each. On the same date Rights & Issues subscribed 100,000 Ordinary Shares of 50p each at 100p per share in cash.

Following the issue, approximately 50,000 Ordinary Shares of 50p each will remain unissued, excluding those shares reserved against the exercise of the subscription rights under the Warrants. This represents 1.8% of the authorised capital. Warrants will be outstanding in respect of 250,000 Ordinary Shares.

Apart from issues of shares upon the exercise of subscription rights under the Warrants or to Ordinary Shareholders pro rata to holdings, no material issue of shares will be made within one year of the date of this Prospectus without the prior approval of the Company in general meeting. No issue will be made which would effectively alter the control of the Company without such prior approval of the Company in general meeting.

Save as disclosed herein (i) no capital of the Company has since incorporation been issued or is proposed to be issued for cash or otherwise, (ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any of its capital and (iii) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

2. Articles of Association

The Articles of Association of the Company contain, inter alia, provisions to the following effect:–

(i) The Directors shall establish a "Capital Reserve Fund" and shall carry to such reserve any capital appreciation realised on the sale or realisation of any capital assets of the Company for a consideration in excess of book value and other sums representing accretions to capital assets. The Capital Reserve Fund shall not be treated as representing profits available for distribution.

(ii) The Directors are unconditionally authorised to allot and grant rights to subscribe for or to convert securities into a maximum of £1,400,000 in nominal amount of relevant securities (as defined in Section 14 of the Companies Act 1980) without the authority of the Company in general meeting. The authority will expire on 26th May 1986 (when it is renewable) but may be revoked or varied by the Company in general meeting before that date provided that the Directors may allot such relevant securities or grant such rights in pursuance of any offer or agreement made by the Company before the expiry of the authority. The provisions of Section 17(1) of the Companies Act 1980 will not apply to any allotment made under the above authority.

(iii) In the event that any Member fails to comply with any notice given by the Company requiring disclosure under Section 27 of the Companies Act 1976 of the beneficial interests in any shares within 45 days of service of the said notice, the Company may by resolution of the Board disenfranchise those shares as regards voting rights until the requirement is complied with.

(iv) Subject to the above and to any terms as to voting upon which any shares may be issued, or may for the time being be held, every Member present in person shall have one vote on a show of hands, and on a poll every Member shall have one vote for every share of which he is the holder.

(v) The shareholding qualification for Directors may be fixed by the Company in General Meeting, and unless and until so fixed no qualification shall be required.

(vi) A Director shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest or be counted in the quorum in relation to any resolution on which he is debarred from voting except in the limited circumstances specified in the Articles.

(vii) Section 185 of the Companies Act 1948 (relating to the retirement and reappointment of Directors who have attained the age of 70) shall apply to the Company.

(viii) The Directors shall (in addition to any emoluments to which they may be entitled as mentioned below) be paid out of the funds of the Company such sum by way of director's fees as the Board may from time to time determine provided that the aggregate remuneration available to the Directors for acting as such shall be £15,000 per annum or such greater sum as may be determined by the Company in General Meeting. Such remuneration will be divisible amongst the Directors as they determine or, failing determination, equally.

(ix) The Directors shall be entitled to be repaid all such reasonable travelling (including hotel and incidental) expenses as they may incur in or about the business of the Company.

(x) Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Board may determine.

(xi) The emoluments of any Managing Director or Executive Director for his services as such shall be determined by the Board.

(xii) A Director may be a director or other officer of any company promoted by the Company or in which the Company may be interested and no such Director shall be accountable for any benefits received as director or other officer of such company. The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner as it thinks fit (including the exercise thereof in favour of any resolution appointing any of its members directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

(xiii) Any Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(xiv) The Board may exercise all the powers of the Company to borrow money. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of moneys borrowed (as defined in the Articles) shall not, without the previous sanction of the Company in General Meeting, exceed a sum equal to one and a half times the amounts standing to the credit of the consolidated capital and revenue reserves (as defined in the Articles) or, until the first accounts of the Company are made up and audited, the sum of £1,500,000.

(xv) The Board may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to (inter alios) members of the Board.

3. Underwriting

By an agreement dated 23rd June 1981 EFGT and Greene & Co have agreed to underwrite 2,312,000 shares (with rights to Warrants) at a price of 100p per share subject to the admission of the shares to The Stock Exchange official list not later than 29th June 1981. A fee of £15,000 will be paid to EFGT and an underwriting commission of 1½ per cent. will be paid to EFGT and Greene & Co, out of which they will pay sub-underwriting commissions of 1¼ per cent. (Material Contract No 1).

4. Expenses of the Issue

The expenses of and incidental to the issue (including capital duty of £25,000, The Stock Exchange listing fee, the underwriting commission referred to above, legal and accountancy fees and the cost of printing and advertising) are payable by the Company. The aggregate amount of these expenses (excluding VAT thereon where applicable) is estimated at £155,000 and after meeting these expenses the net proceeds of the offer for subscription of 2,312,000 shares are estimated to amount to approximately £2,157,000.

5. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company since its incorporation and are or may be material:–

(1) dated 23rd June 1981 between EFGT, Greene & Co and the Company being the Underwriting Agreement referred to above;

(2) dated 23rd June 1981 between the Company and EFGT whereby the latter were appointed Secretaries and Managers for a fee of one twelfth of one per cent. per month of the value of the gross assets of the Company. The agreement is terminable by either party on not less than six months' notice given (i) at any time after 23rd June 1984 and (ii) at any time upon a change of control of EFGT.

(3) dated 27th May 1981 and 23rd June 1981 between the Company and Rights & Issues and ASH respectively whereby they agreed to subscribe 100,000 and 87,996 Ordinary Shares of 50p each (with rights to Warrants) at 100p per share respectively;

(4) dated 23rd June 1981 whereby the Company in consideration of £10 per person granted Warrants to Directors conferring rights to subscribe the following numbers of Ordinary Shares of 50p each in the Company at 100p per share:–

T. V. Buffett	–	20,000
J. V. Woollam	–	5,000
S. H. J. A. Knott	–	5,000
B. W. Mills	–	18,334
J. D. Robertshaw	–	5,000
P. L. Rule	–	20,000
J. T. Stewart	–	10,000

These Warrants are not linked to any Ordinary Shares being issued.

6. The Directors' and Other Interests

The Directors have decided that out of the maximum aggregate sum of £15,000 per annum available under the Articles of Association, the remuneration initially payable to each Director should be £1,000 per annum.

Save as disclosed herein, as at the date hereof (a) the Company has not been notified of any interest in 5 per cent. or more of its share capital and (b) no Director has any interest (as defined in the Companies Act 1967) in the share capital of the Company.

The interests of the Directors of the Company, Rights & Issues and ASH and their families in each of these three companies (immediately following the closing of this offer for subscription) are anticipated to be as follows:

Names of Directors	The Company: Shares	The Company: Shares under Warrants	Income Shares	Rights & Issues: Capital Shares	Rights & Issues: Preference Shares	ASH: Ordinary Shares	ASH: Convertible Preference Shares	ASH: Convertible Loan Stock
T. V. Buffett	10,000	20,666	–	–	–	986,729	–	–
J. V. Woollam	1,250	5,083	–	70,000	–	–	–	–
S. H. J. A. Knott	8,778	5,585	–	61,900	237	27,000	–	–
B. W. Mills	–	18,334	–	–	–	–	–	–
J. D. Robertshaw	1,250	5,083	–	15,000	–	–	–	–
P. L. Rule	–	20,000	–	–	–	–	–	–
J. T. Stewart	–	10,000	–	–	–	–	–	–
E. D. Barkway	2,500	166	2,500	188,950	–	–	–	–
J. B. Leworthy	833	55	5,000	5,000	–	–	–	–
D. W. Smith	2,500	166	–	–	–	211,484	–	£5,098
M. Hawker	2,500	166	–	–	–	74,000	–	£4,250
K. M. Couper	4,027	268	–	–	–	30,204	–	–

The above shareholdings do not include shares of the Company for which Directors may apply on Forms of Application for additional shares.

None of the Directors has a service contract with the Company and no such contracts are presently proposed.

Mr. J. D. Robertshaw and Mr. J. V. Woollam, Directors of the Company, are Directors of, and beneficially interested in, the share capital of, Energy Finance and General Trust Holdings Limited ("EFGTH") of which EFGT is a wholly owned subsidiary and have a material interest in the underwriting and management agreements (Material Contracts No (1) and (2) above). Mr. J. V. Woollam holds 5,000 Founders Shares and 33,000 Ordinary Shares representing 2.35 per cent. of the voting rights attached to the share capital of EFGTH. Mr. J. D. Robertshaw and his family hold 10,000 Founders Shares and 117,248 Ordinary Shares representing 5.23 per cent. of the voting rights attached to the share capital of EFGTH. Mr. S. H. J. A. Knott is a shareholder in EFGTH and is a partner in Greene & Co, Stockbrokers, who will receive an underwriting commission on completion of the issue.

Save as disclosed herein (i) there is no contract or arrangement with the Company subsisting as at the date of this Prospectus in which a Director is materially interested and which is significant in relation to the business of the Company taken as a whole and (ii) no Director has any interest, direct or indirect, in the promotion of, or in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company.

7. General

The Company does not have outstanding any loan capital or any loan capital created but unissued nor any borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

The Company is not engaged in any litigation and so far as the Directors are aware no litigation or claim is pending or threatened against it.

The subscription list will open at 10.00 a.m. on Thursday 2nd July 1981. It is anticipated that dealings in the rights to the Ordinary Shares (with rights to Warrants) nil paid will commence on 30th June 1981 and that dealings fully paid in the Ordinary Shares (with rights to Warrants) will commence on 16th July 1981. Dealings in the Ordinary Shares and Warrants separately should commence on 31st July 1981.

The minimum amount which in the opinion of the Directors must be raised by the issue in order to provide for the matters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948 is £2,312,000 made up as follows:–

(i) purchase price of property – nil
(ii) preliminary expenses and underwriting commissions (exclusive of VAT) – £41,000
(iii) repayment of moneys borrowed for the above – nil
(iv) working capital – £2,271,000

No amount is to be provided in respect of any of the aforesaid matters otherwise than out of the proceeds of the issue.

Binder Hamlyn have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their Report and of the reference to them in the form and context in which they appear.

8. Documents to be Delivered to the Registrar of Companies

The documents attached to the copies of this Prospectus which have been delivered to the Registrar of Companies for registration are copies of letters from the Sponsoring Companies to their respective shareholders and the convertible loan stockholders of ASH containing the above-mentioned offers for subscription of 2,000,000 Ordinary Shares in the Company, the Provisional Letters of Allotment and Forms of Application for additional shares accompanying such letters, the material contracts and the written consent of Binder Hamlyn referred to above.

9. Documents Available for Inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday at the offices of Cardales, Dauntsey House, Frederick's Place, Old Jewry, London EC2R 8HN up to and including 9th July 1981:–

(i) the Memoranda and Articles of Association of the Company, of ASH and of Rights & Issues;
(ii) the accounts of ASH and of Rights & Issues for the two years ended 30th November 1979 and 1980 and 31st December 1979 and 1980 respectively;
(iii) the material contracts referred to above;
(iv) the Report of Binder Hamlyn;
(v) the written consent referred to above.

Dated 23rd June 1981

Charter Consolidated Limited

FINAL DIVIDEND AND CONSOLIDATED PROFIT STATEMENT FOR YEAR TO 31 MARCH 1981

The board of directors has today resolved to recommend to the annual general meeting of members to be held on 11 August 1981 a final dividend of 6.6p per share in respect of the year ended 31 March 1981 (1980: 5p per share), payable to shareholders registered in the books of the company at the close of business on 10 July 1981 and to persons presenting coupon no. 33 detached from share warrants to bearer. With the interim dividend of 3.4p per share paid on 9 January 1981, the total dividend for the year will be 10p per share, equivalent to 14.28571p with associated tax credit (1980: 8.35p, including special dividend of 0.35p, equivalent to 11.92857p with associated tax credit). Dividend warrants will be posted on or about 12 August 1981.

The following unaudited results of the company and its subsidiaries for the year to 31 March 1981 are issued for information in advance of the annual report and accounts which will be posted to members on or about 9 July 1981.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1981

	1981 £000		1980 £000	
Operating profit of industrial subsidiaries		14,468		19,790
Income from investments				
Associated companies	6,680		3,840	
Other investments	10,994		14,582	
		17,674		18,422
Retained profits of associated companies		15,416		13,463
Surplus on realisation of investments		8,087		5,758
Interest receivable		9,005		6,206
		64,650		63,639
Deduct:				
Administration and technical expenditure	4,504		3,601	
Prospecting expenditure	531		699	
Interest payable	5,874		6,990	
		10,909		11,290
Profit before taxation		53,741		52,349
Taxation				
Charter group	11,524		12,125	
Associated companies	7,197		8,627	
		18,721		20,752
Profit after taxation and before extraordinary items		35,020		31,597
Deduct:				
Minority interests		1,786		3,659
Profit attributable to Charter		33,234		27,938
Earnings per share 31.7p (1980: 26.6p)				
Dividends of 10p per share (1980: 8.35p per share)		10,497		8,760
Profit for the year retained before extraordinary items		22,737		19,178
Add:				
Extraordinary items		49,336		57,030
Retained profit transferred to reserves		72,073		76,208

Notes:
1. In the last quarter of 1979 major changes in Charter's investments together with a capital reduction of £53.3 million took place under the scheme of arrangement. The results for 1981 are not directly comparable with the previous year.
2. **Operating profit of industrial subsidiaries**
The reduction to £14.5 million of the operating profit from the industrial subsidiaries reflects the loss of £3.4 million by Cape Industries automotive products division, the absence of profits of £1.5 million following the sale of Cape's mining division in June 1979, together with lower profits from MKR Holdings. Cape Industries building and insulation division and Charter's other industrial subsidiaries increased or maintained their profits.
3. **Extraordinary items**
These include the surplus on the disposal of Charter's 25.7 per cent interest in Selection Trust Limited to the British Petroleum group.
4. **Current cost results**
The current cost profit attributable to Charter for the year ended 31 March 1981 was £18.4 million (per share 17.5p). Notes explaining the basis of the first published current cost accounts will be included in the annual report for 1981.

By order of the board
CHARTER CONSOLIDATED LIMITED
D. S. Booth
Secretary

Registrars:
Charter Consolidated Services Limited
P.O. Box 102, Charter House,
Park Street, Ashford,
Kent TN24 8EQ

Registered Office:
40 Holborn Viaduct,
London EC1P 1AJ.

23 June 1981

Companies and Markets

MINING NEWS

Charter edges forward in a difficult year

BY KENNETH MARSTON, MINING EDITOR

"WE'RE BROADLY satisfied, but not ecstatic," is Mr Neil Clarke's summing up on the results achieved by Charter Consolidated in the year to March 31.

The chief executive of the UK-based industrial and mining group adds that he is pleased about the profits growth achieved by the industrial interests in a generally difficult period.

	1980-81 £000	1979-80 £000
Operating profit	14,468	19,790
Investment income	17,674	18.422
Associates' share	15,416	13,463
Surplus†	8,087	5.758
Interest receivable	9,005	6.206
Making	64.650	63.639
Admin. expenditure	4.504	3,601
Prospecting costs	531	699
Interest payable	5,874	6.990
Pre-tax profit	63,741	52,349
Tax	18,721	20,752
Minorities	1,786	3.659
Attributable	32.234	27.938
Dividends	10.497	8,760
Extraordinary credits	49.336	57.030
Retained	72.073	76.208

† On realisation of investments.

Earnings for the past year came out at £33.2m, equal to 31.7p per share which is rather below expectations. In the previous 12 months Charter earned £27.9m but the figures for that period are not directly comparable with the latest results which cover the first year after the group's major reconstruction in October 1979.

A final dividend is declared of 6.6p net to make a total for the year of 10p. For 1979-80 there was a dividend of 8p together with a special payment of 0.35p made as part of the reconstruction. Net assets at March 31 last were about £500m, equal to 473p per share.

Of the major factors in the latest results, increased income has been received from the 28 per cent stake in the previous metal refiners **Johnson Matthey** and there has been a first dividend received on the increased holding in the **Anderson Strathclyde** mining equipment manufacturer which was acquired a year ago.

On the other side of the coin, operating profits of Charter have suffered from lower earnings of **MKR Holdings**, the drink cooling and dispensing equipment manufacturer which has encountered lower demand from its major customers in the brewery industry.

More severe has been the impact of a £3.4m loss on the part of **Cape Industries'** automotive products division. Dividend income from **Selection Trust** has ended, of course, following last year's takeover by **British Petroleum** of Charter's holding in Selection Trust. This resulted in a net profit of £47.8m which makes up the bulk of the extraordinary income in the latest results.

The total proceeds of the Selection Trust sale amounted to about £100m of which around £74m has been spent on the various acquisitions already announced. Charter still has available resources of some £70m, however, which is presently earning interest on short term deposits and in gilt-edged stock.

Against the background of the general economic climate, the current year will not be an easy one for Charter, but the group is still confident that it can achieve some further growth in earnings.

In London yesterday the shares had moved up to 247p prior to news of the latest results. Thereafter the price drifted down to close at 235p, showing a net loss on the day of 5p.

More Australian coal plans

AUSTRALIA'S New South Wales and Queensland Governments yesterday announced decisions relating to a further three large open-pit coal deposits, reports our Sydney correspondent. The go-ahead has been given for the development of two deposits, one of which is the Saxonville project which will be the biggest undertaken in NSW.

To be developed by **Broken Hill Proprietary**, the A$280m (£160m) Saxonville mine will produce 1m tonnes of coal next year, this rate rising to an annual 5m tonnes in 1986 with further expansion likely beyond that date. The area holds more than 1bn tonnes of coal.

Mr Neville Wran, the NSW premier, also announced that the **CSR-Thiess** partnership had been awarded a mining lease at Drayton which has coal reserves of 192m tonnes and which will involve the expenditure of A$170m. It is expected to come to production in 1982 and reach a peak annual output of 3.5m tonnes in 1990.

Meanwhile, the NSW Government is wrestling with immense problems at the waterfront for the coal exports and in transporting coal from mine to coast.

It has just announced equity partners for the third coal loader at Newcastle, 160 kilometres north of Sydney, but this loader will only account for the expected growth in exports to 1984 at which time both the latest new projects will be near full production.

In Brisbane the Queensland premier, Mr Joh Bjelke Petersen announced that two Australian consortiums, one led by **Lend Lease Engineering** and the other by **New Hope Collieries**, will be offered the authority to prospect the much sought after Gregory South coal deposit in the centre of the state.

Mr Bjelke-Petersen said the Lend Lease consortium had proposed a plant in Gladstone producing 3m tonnes of coke a year, to come into operation in 1986. The New Hope Collieries consortium proposed a plant for Mackay, producing 4m tonnes a year from 1988. The Gregory South deposits, which contain some 560m tonnes of coking coal, are capable of sustaining coal *supplies to both plants.*

The Premier said the contributions by the mining companies towards infrastructure costs would be much higher than required in the past.

The consortium headed by New Hope Collieries, includes **Minerals and Energy Development**, **Kennecott Exploration Australian** (each 30 per cent) and **John Holland Holdings** (10 per cent). The other companies involved in the Lend Lease consortium are not yet known.

Mr Bjelke-Petersen said both groups had letters of intent to sell the manufactured coke overseas. He understood Europe was the major market.

A bullish long term view of gold prices

ALTHOUGH the closer balance between supply and demand for gold suggests that the price will not vary greatly in the immediate future, Mr R. S. Lawrence said in his presidential address to the Chamber of Mines of South Africa yesterday that the price would rise in the longer term.

He felt that a fall in U.S. interest rates and a weakening in the present strength of the dollar coupled with further increases in the oil price and continuing world political disturbances were inevitable.

Because of these factors, "I believe that the gold price will resume its upward trend in order to balance projected supply and demand. In any event, the broadening of the gold market which we have seen in the last five years will continue and this will ensure an increase in real terms in the gold price well into the future," he added.

Looking at prospects for South Africa's other mine products, Mr Lawrence pointed out that the republic's coal production rose by 10.9 per cent to 115m tonnes last year and the volume of exports rose by more than 25 per cent. Sales amounted to R1.5bn (£870m) and exports accounted for R688m.

He said, however, that while prospects for coal were "exceptionally encouraging" there were signs of export prices beginning to stabilise and thought that it would be wise to expect a slowing down in the high rate of increase in both demand and price which had been seen in recent years.

South Africa's mining industry generally has expansion plans involving expenditure of R12bn over the period 1980-1985 and Mr Lawrence said it was difficult to see how these could be implemented in the face of the worsening skilled manpower situation.

He thus called for greater use to be made of black manpower, starting with improved educational facilities. Technical training should be available to all regardless of race or colour. In addition, "new dispensations permitting the employment of all suitably equipped persons will be necessary."

CAST might pull out of Ghana gems

THE British Consolidated African Selection Trust (CAST) has told the Ghana Government that it wishes to withdraw from the technical management agreement under which it administers the country's long-established diamond mining operations at Akwatia, according to reports from Accra.

CAST, which is a partner with the Ghana Government on a 45-55 basis in the operating company, **Ghana Consolidated Diamonds**, is a subsidiary of London's **Selection Trust** which, in turn, is now owned by **British Petroleum**.

Diamond mining in the area dates back to 1923 and last month Mr Yeboah Acheampong, Ghana's Minister for Lands and Natural Resources, said that his government was considering the closure of the mine because it had become unprofitable.

CAST also feels that the mine is no longer viable. But Mr L. K. Molbila, chairman of the operating company, is reported to have said that the majority partner takes a different view on the basis that it is worth continuing operations until a potentially large deposit of diamonds in the area can be tapped.

LONDON TRADED OPTIONS

June 23 Total Contracts 1136 Calls 948 Puts 188

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	320	8	15	20	35	30	10	312p
BP (c)	350	3	45	10	8	18	2	"
BP (c)	380	¾	54	5	10	10	—	"
BP (c)	410	½	—	3	20	6	10	"
BP (p)	320	12	1	16	107	24	10	"
BP (p)	350	40	1	42	—	44	—	"
BP (p)	410	100	—	102	—	102	10	"
Cons. Gld (c)	460	18	—	36	8	49	—	455p
Cons. Gld (c)	550	2	—	9	1	19	—	"
Court'lds (c)	50	19	20	23	—	—	—	68p
Court'lds (c)	60	9½	6	15	5	16	—	"
Court'lds (c)	70	2½	1	8	—	11	1	"
Court'lds (c)	80	1	25	3	5	6	—	"
GEC (c)	600	112	1	128	—	—	—	705p
GEC (c)	650	62	8	87	—	115	—	"
GEC (c)	700	20	47	48	2	83	5	"
Gr'd Met. (c)	160	58	—	62	4	—	—	216p
Gr'd Met. (c)	180	38	—	42	30	50	—	"
Gr'd Met. (c)	200	18	52	29	44	36	—	"
Gr'd Met. (c)	220	5½	16	172	15	25	6	"
ICI (c)	280	13	22	28	2	42	—	284p
ICI (c)	300	4	—	16	2	30	10	"
Land Sec. (c)	420	1½	5	14	—	23	—	392p
Mks & Sp (c)	130	3½	10	11½	—	17	1	137p
Shell (c)	360	6	—	17	2	27	5	344p
Shell (c)	330	7	—	13	4	16	—	"
Shell (c)	360	20	4	28	24	28	—	"
		August		**November**		**February**		
Barclays (c)	390	55	20	67	—	76	—	435p
Barclays (c)	420	27	51	47	4	55	—	"
Barclays (c)	460	8	31	23	—	—	—	"
Lasmo (c)	500	72	2	97	2	115	—	554p
Lasmo (c)	550	37	—	65	4	85	—	"
Lasmo (c)	600	17	2	34	—	67	10	"
Lasmo (c)	650	8	—	20	2	—	—	"
Lonrho (c)	90	8	2	11	47	15½	—	94p
Lonrho (c)	100	3	30	5	18	9	20	"
P & O (c)	120	12½	1	18½	—	24	—	127p
Racal (c)	360	23	11	44	14	56	—	374p
Racal (c)	390	9	28	25	3	40	—	"
Racal (p)	360	11	16	14	11	18	—	"
RTZ (c)	500	50	42	65	—	83	—	536p
RTZ (c)	550	25	34	43	—	53	—	"

C=Call P=Put

APPOINTMENTS

Head of European Patent Organisation

Mr Ivor J. G. Davis, Comptroller General of Patents Designs and Trade Marks in the UK, has been elected to the chairmanship of the administrative council of the EUROPEAN PATENT ORGANISATION.

★

Mr P. W. Sharman, director and chief general manager of Norwich Union Group has been appointed chairman of NORWICH WINTERTHUR HOLDINGS.

★

Mr Charles Murray has been appointed to the board of JOHN WALKER AND SONS after ten years' service with the company. Mr Stephen Campbell has been appointed company secretary after four years as assistant company secretary.

★

The Trade Secretary has appointed Mr Geoffrey C. Wilkinson to succeed Mr William Tench as Chief Inspector of Accidents, Accident Investigation Branch, from September 1. Mr Tench, who has been Chief Inspector since 1974, retires at the end of August.

★

Mr John Bodger, regional executive of National Bus Company's Midlands and West Region, has assumed the additional responsibility of general manager, MIDLAND RED, following the appointment of the company's present general manager, Mr Colin Clubb, to the post of managing director, London Country. Mr Bodger will remain as general manager until Midland Red is divided into four small stage carriage companies, a coaching company and a separate central works unit.

★

Mr Gordon McCartney, currently chief executive of Delyn Borough Council, North Wales, has been appointed secretary of the ASSOCIATION OF DISTRICT COUNCILS. He will take over the job from Mr Stephen Rhodes on his retirement in the autumn.

★

Mr Donald Ensom of Debenham, Tewson and Chinnocks who, for the past three years, has been chairman of the technical committee of the Building Conservation Trust, has now become chairman of the BUILDING CONSERVATION TRUST'S council and executive council. Mr Ensom has taken over from Lord Reilly, who remains chairman of the trustees. Mr Ensom's place as chairman of the technical committee has been filled by Mr Ted Watts, a partner of Watts and Partners, chartered building surveyors.

★

Mr R. L. L. Davis, general manager, Thames Waste Paper division, has been elected chairman of the WASTE PAPER COMMITTEE of the BRITISH PAPER AND BOARD INDUSTRY FEDERATION.

★

Mr Bryan C. Read has been elected president of the NATIONAL ASSOCIATION OF BRITISH AND IRISH MILLERS. He is chairman of the Norwich flour milling company of Read Woodrow. The new vice-president is Mr P. A. Metaxa, wheat purchasing director of Rank Hovis Limited.

★

Mr Stephen Lonsdale Finch has retired as deputy chairman of the WEIR GROUP. He will continue to serve as a non-executive director of the Weir Group and Weir Foundries, the Leeds company which co-ordinates the operations of the Weir Group steel foundries in Leeds, Sheffield and Sunderland.

★

The name of Nuball, manufacturers of Maddock Hotelware and Royal Stafford Bone China, has been changed to ROYAL STAFFORD CHINA. Mr Rosenhead, chairman and chief executive, and Mr Coventry have been appointed directors.

★

New chairman of the CHANNEL TUNNEL ASSOCIATION is Mr Alan R. Titchener who has been treasurer of the association since 1967. Mr Titchener succeeds Mr Peter R. Davis who is retiring after 10 years in office. Succeeding Mr Titchener as treasurer will be Mr Adrian Peeler, a founder of the Life Insurance Association.

★

Mr David J. Houghton, formerly investment manager, property, with the Canada Life Assurance Company is to be appointed managing director of GREENCOAT PROPERTIES from August 3.

★

Mr C. Hankey, at present sales *manager of* A.P.V. MITCHELL DRYERS, has been appointed sales director from July 1.

★

Mr David Mowl has been appointed production director of DREWRY AND EDWARDS, Nottingham, a subsidiary of Reliance Knitwear Group.

★

Mr P. T. Bridgman has been appointed group managing partner of URWICK ORR AND PARTNERS from July 1 to succeed Mr J. R. Armstrong, who is retiring. Mr Bridgman was formerly managing director of Urwick Dynamics.

★

DELTA GROUP plc has appointed Mr Peter Orchard as a non-executive director from July 1. He is chief executive of The De La Rue Company.

★

Mr E. Leslie Garrett and Mr R. H. Lewis have retired from the board of the ANSVAR INSURANCE COMPANY. Mr Garrett is succeeded as chairman by Mr R. D. Gill, who is chairman of Standard Industrial Trust and a director of Hewlett-Packard and of Yarrow and Company. He joined the Ansvar board in 1976.

★

THOMAS WITTER AND COMPANY, acquired by Tarmac Building Products earlier this year, has appointed Mr Roger Leach managing director of the newly-formed carpet division.

THE DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

DECLARATION OF DIVIDEND

At the Annual General Meeting of the Dreyfus Intercontinental Investment Fund N.V., held in Curaçao on May 4, 1981, the Shareholders of the Fund, acting upon the recommendation of the Fund's Board of Directors, declared a dividend of $0.10 (U.S.) per share to Shareholders of record on May 22, 1981. This dividend is payable on June 18, 1981 to holders of bearer shares upon surrender of Dividend Coupon No. 31 as attached to the share certificate, to one of the offices of the paying banks listed below. This distribution is being made from net investment income.

Morgan Grenfell & Co. Limited
23 Great Winchester Street,
London EC2P 2AX,
England

Deutsche Bank AG
Grosse Gallusstr. 10-14
6 Frankfurt/Main 1
West Germany

Banque Internationale à Luxembourg
2, Boulevard Royal
Luxembourg-Ville,
Luxembourg 2205

RoyWest Trust Corporation (Bahamas) Limited
Mutual Funds Department,
P.O. Box N7788,
Nassau, Bahama Islands

Dividends payable on shares held in a Dreyfus Intercontinental Voluntary Account will either be paid directly to the Account holder or automatically reinvested, depending upon the election made by the Account holder when his Account was established.

Reports are available at the offices of the above-mentioned paying banks or at

Dreyfus GmbH,
Maximilianstr. 24, 8 Munich 22, West Germany.

Scandinavian Finance B.V.

(Incorporated in the Netherlands with limited liability)

£20,000,000

Sterling Floating Rate Notes 1990

Guaranteed on a subordinated basis by

Scandinavian Bank Limited

(Incorporated in Great Britain with limited liability)

For the three months
23rd June, 1981 to 23rd September, 1981

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 12⅛ per cent and that the interest payable on the relevant interest payment date, 23rd September, 1981, against Coupon No. 5 will be £32.45.

Agent Bank:
Morgan Guaranty Trust Company
London

U.S. SAVINGS AND LOAN INDUSTRY

New approach lifts FCA

BY RODERICK ORAM

OFTEN, it seems, at least one company bobs buoyantly in the black while its industry is tossed about on a stormy sea of red ink.

In the trouble-racked U.S. savings and loan (S and L) industry (roughly equivalent to Britain's building societies) the sailor with a weather eye seems to be Financial Corporation of America (FCA). FCA's principal activity, accounting for 95 per cent of assets and 90 per cent of revenues, is State Savings and Loan of California.

Bucking the industry's traditional strategies, FCA piled on profits and assets last year, jumping from number 68 to number 39 among the 4,700 S and Ls.

While its competitors were strapped for deposits when savers fled to high yielding money market mutual funds, it aggressively set up high paying certificates of deposit of $100,000 or higher. These now account for about half its deposits, 10 times the industry's average. Meanwhile pass book savings accounts make up 8 per cent, compared with 34 per cent five years ago.

FCA also went after high yield, floating rate real estate development and construction loans, or quickly sold low-yield mortgages in the secondary market.

"I'm not presumptuous to say say we're a prototype," said Mr Charles Knapp, chairman of FCA. The key to success has been to apply successful business approaches to an S and L. Thus it defines itself as an asset manager primarily in real estate and thrives on high powered marketing and aggressiveness.

"Pride and greed" are its employees' motivations, Mr Knapp said, and the company rewards accordingly. "In our organisation, a Mercedes is a common car."

These are not the characteristics of the conservative S and L industry. Most institutions have cut lending and are ploughing available cash into money market mutual funds, the very instruments that bit into their traditional deposits. Meanwhile, S and Ls are waiting for inflation and interest rates to recede and for approval of tax exempt savings accounts to renew sources of cheap capital. They recently got approval for variable rate mortgages.

Such inertia has taken its toll. The Federal Savings and Loan Insurance Corporation, the Government's safety net, identified 263 problem institutions in April, up from 120 at the end of 1980. Last year it paid out $1.27bn to support troubled S and Ls against $600,000 in 1978.

Mr Charles Knapp: "In our organisation, a Mercedes is a common car"

For all its recent vigour, FCA only broke away from the pack and traditional business in February 1980 when it was having a "terrible" first quarter, Mr Knapp said.

Last year FCA's new loan volume rose 79 per cent to $790m, assets rose 57 per cent to $1.8bn, revenues rose to 69 per cent to $178.4m and net income 35 per cent to $12.2m.

Growth continued in the first quarter of this year, although the companrison is distorted by the bad quarter in 1980. It lent as much in the January to March period this year as did California's leader, Home Savings and Loan, which has assets six times the level of FCA's. It plans to lend $1.3bn this year and to raise $1bn.

Currently about $400m of its $2bn in assets are at floating rates, avoiding the pitfalls of other S and Ls, and it says that only about $80m of assets are poorly matched by maturity and yield against borrowed funds.

The average aggregate yield (including loan fees) on its assets was 14.55 per cent in the first quarter, giving a spread of 1.86 percentage points over the average cost of funds. The first quarter is historically weak, Mr Knapp said, and the company expects to match the 2.52 percentage point spread it had last year.

FCA has not deserted the home finance market, however; with about 70 per cent of its loans related to building, ranging from four-apartment structures to sing family houses.

Some are floating rate loans for construction or home improvement, some 25 to 30 years mortgages which it quickly sells in the secondary market and others 25 to 30 year mortgages carrying an interest rate renegotiated after five to seven years.

Asset management is indeed the key to FCA's success and the company rarely holds on to mortgages. Thus it lends, sells the mortgage, and then relends the same funds, booking every time high fees for setting up the loan.

Last year it booked $11.7m in such fees and could top $20m this year. Even if only half the fees filter down to this year's bottom line, it could account for more than half net income.

Real estate is important to FCA's profits a second way, as it is becoming increasingly involved in real estate trading and development on its own account. One financial analyst has forecast that such activity will contribute about one-third of estimated $3 a share earnings in 1981.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13.

Closing prices on June 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Am. Airl. 15¾ 86 (WW)	85	100⅛	100⅝	−0⅛	−0⅜	15.09
Amoco 13¾ 88	75	94⅞	95⅜	−0⅜	−1	14.39
CIBC 14⅞ 84	185	98	98½	−0⅛	−0½	15.24
CIBC 15¼ 88	75	100½	101	−0¼	−0⅜	15.02
CNA 15¾ 96	75	98⅛	98⅝	−0⅛	−0⅛	15.53
CNE 12¾ 91	100	88½	89	−0⅛	−0⅞	14.99
Citicorp O/S 12 87	200	90¼	90¾	−0⅛	−1¼	14.34
Citicorp O/S 15½ 84	175	100⅛	100⅝	−0⅛	−0⅜	15.32
Con. Illinois O/S 9¾ 88	150	83½	84	−0¼	−0⅜	14.52
Dupont Canada 13½ 91	85	95⅛	95⅝	0	−1¼	14.32
EIB 12⅞ 89	75	88¾	89¼	−0⅛	−1⅛	15.22
Eldorado 13¾ 86	50	94⅞	95⅜	−0⅛	−0⅛	14.70
Elec. de France 13 88	125	92½	93	0	−0⅜	14.74
Export Dv. Cpn. 9½ 86	150	82½	83	−0⅛	−0½	14.93
Fed. Bs. D. 12¾ 85 (N)	50	92¼	92¾	0	−0½	14.62
Fed. Bs. D. 15¾ 84 (J)	40	100¾	101¼	−0⅛	−0⅜	15.30
Fin. Exp. Credit 10½ 85	50	85½	85⅞	−0⅛	+0⅛	
Finland, Rep. of 9½ 88	100	80¼	80¾	−0⅛	−0⅜	15.59
Ford Cr. O/S Fin 16 84	150	101⅞	102⅜	−0½	−0⅜	14.91
Gaz de France 13½ 86	80	95¾	96¼	+0⅛	−0⅜	14.69
GMAC O/S Fin. 12 87	100	88⅛	88⅝	−0⅜	−0⅛	14.84
GMAC O/S Fin. 12⅞ 88	100	91⅛	91⅝	−0⅛	−0⅛	14.83
Gen. Mtrs. O/S 11⅜ 87	100	88¼	89	+0⅛	−0⅜	14.58
Genstar 14½ 91	50	98¼	[illegible]	+0⅛	−0⅛	15.02
GTE Fin. 13¾ 86 (WW)	50	96⅛	96⅝	−0⅛	−0½	14.83
Hiram Walker 16 86	50	102⅜	102⅞	−0⅛	−0⅛	15.19
IBM Wld. Trade 12½ 88	200	95½	96	0	−1	13.47
IBM Wld. Trade 14⅜ 84	100	100½	101	+0⅛	+0⅛	14.41
Nat. Bk. Canada 15¾ 84	40	98⅞	99⅛	0	0	15.74
Newfoundland 13½ 90	60	94⅛	94⅝	−0⅜	−1	14.64
OKB 10 85	50	86⅛	86⅝	−0¼	−0⅞	14.86
Ontario Hydro 13½ 91	100	95	95½	−0⅛	−0½	14.40
Queb. Hy. 13 91 (WW)	100	89⅜	89⅞	−0⅛	0	15.07
Royal Bk. Canada 14 86	100	98½	99	0	−0½	14.74
SNCF 13 91	75	91¼	91¾	−0¼	−0⅞	14.89
Sth. California Ed 14 87	50	97⅛	97⅝	−0⅛	−0⅛	14.59
Sven Handlsbk 13⅝ 88	45	93⅜	93⅞	−0⅛	−1	15.28
Swed. Ex. Credit 13 86	75	91½	92	−0⅛	−0⅞	[illegible]
Swed. Ex. Cred. 15⅛ 86	50	100⅜	100⅞	−0⅛	−0⅛	15.04
Tordom. Corpn. 15½ 86	25	†100⅜	101⅛	−0⅛	−1	15.23
Toronto-Dom Bk. 14 84	50	97⅛	97⅝	−0½	−0⅛	15.15
Tribune O/S Fin 14 86	50	96¼	96¾	−0⅛	−0⅛	15.07
Wells Fargo Int. 15½ 84	50	100¾	101¼	+0⅛	−0⅛	15.05
World Bank 9⅝ 85	200	85	85½	−0¼	−1	14.93
World Bank 10¼ 87	300	82⅜	82⅞	−0⅜	−2	14.83

Average price changes... On day −0⅛ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	98⅞	99⅜	+0⅛	−0⅜	10.11
Austria, Rep. of 8¾ 92	150	87⅜	88⅛	+0⅛	+1⅜	10.07
CECA 7⅞ 92	150	85⅞	86⅜	+0⅛	0	9.96
CECA 10 91	120	100⅝	101⅛	0	−0⅛	9.82
CII-Honeywell 8½ 90	125	87⅞	88⅜	−0⅛	−0⅞	10.43
Council of Europe 10 91	100	99½	100	+0⅛	−0⅛	10.05
EIB 8½ 90	200	88⅞	89⅜	−0⅛	−0⅜	10.34
EIB 10½ 91	200	100⅝	101⅛	+0⅛	−0⅛	10.32
ESCOM 9¾ 87	100	91⅜	91⅞	0	−0½	11.16
Finland, Rep. of 10 89	100	97⅞	98⅜	0	−0⅜	10.32
Iberduero SA 9 90	100	89⅝	90⅛	+0⅛	+0⅛	10.82
Ind. Bk. Finland 8½ 90	50	88⅞	89⅜	+0⅛	+0⅛	10.33
Int.-Am. Dv. Bk. 10 91	100	100	100½	0	−0⅛	9.92
Japan Air Lines 8⅜ 87	100	91⅝	92⅛	−0⅛	−0½	9.95
Japan Dev. Bk. 7⅜ 87	100	88⅛	88⅞	+0⅛	+0⅛	10.21
Kobe, City of 8 90	100	[illegible]	88⅝	−0⅛	−0⅛	10.13
Midland Int. Fin. 8½ 90	150	89⅜	90⅛	+0⅛	+0⅛	[illegible]
Nuclebras 9¾ 88	100	86⅞	87⅜	0	[illegible]	[illegible]
OKB 8¼ 92	150	86⅞	87⅛	+0⅛	+0⅜	[illegible]
Oslo, City of 8¾ 90	80	91⅜	92¼	+0⅛	+1	10.16
Venezuela, R. of 9¾ 90	150	94⅞	95⅜	+0⅛	+0⅛	10.30
World Bank 8 90	700	86⅞	87⅜	−0⅛	−0⅛	10.31
World Bank 10 88	150	100⅝	101⅛	0	[illegible]	9.72

Average price changes... On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aerospat. Paris 6½ 91	80	95	95½	−0⅛	−0⅛	7.20
BFCE 6½ 91	100	95⅜	95⅞	+0⅛	+1½	7.10
Bayer Int. Fin. 5¾ 92	100	90⅜	90⅞	+0⅛	+0⅛	6.48
Bergen, City of 6¾ 91	40	99¾	100	0	+0⅛	6.76
Bhrmn. Tattereds 7 90	40	99¼	99¾	+0⅛	+0⅛	7.09
CECA 6¾ 91	80	95⅞	96	0	0	7.35
Denmark 5¾ 90	80	89⅜	89⅞	+0⅛	+2	7.38
Dome Petroleum 5⅞ 91	100	94⅜	94⅞	0	+0⅛	6.49
Elet. de France 5¼ 90	100	90	91	+0⅛	+1¼	6.65
Eurofima 5¾ 92	80	†98⅛	99⅛	0	0	5.87
F. G. H. Hypo. Bk. 6 90	50	94	94½	−0⅜	−0⅛	6.90
Finland, Rep. of 5¾ 90	80	88⅜	88⅞	+0⅛	−0½	7.35
Franc Petroles 6½ 91	80	96	96½	+0⅛	−0⅛	7.04
Genstar 7 91	100	101⅞	102⅜	0	−0⅛	6.71
Int.-Amer Dv. Bk. 7 91	100	98¼	99	0	+0¼	7.16
Japan Dev. Bank 5¾ 90	100	93	93½	0	−1⅛	6.76
Mt. Blanc Tunnel 5½ 90	80	90	91	0	+0⅛	6.93
Newag 5⅜ 80	80	91⅜	92	+0⅛	+0⅜	6.99
OKB 7 93	100	99¼	99½	−0⅛	−0⅛	7.08
Oslo, City of 5⅞ 90	80	†91	92	+0⅛	−1⅛	7.15
Philips Lamps 5¾ 92	100	88	89	−0⅜	0	6.75
Swed. Ex. Cred. 7¾ 91	75	97¼	97½	−0⅛	−0⅛	7.63
Trade Dev. Fin. 6½ 90	50	†91½	92½	−0⅜	+0⅛	7.34
Voest-Alpine 5¾ 90	80	90½	90⅞	+0⅜	+0⅞	7.38
World Bank 6 91	100	93⅞	94⅜	−0⅛	+0½	6.86
World Bank 7 90	100	101⅛	101⅝	+0⅛	−0⅛	6.76

Average prices changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bk 8⅝ 91	15	97½	98⅛	0	−0⅛	8.51
Australia 6½ 88	20	88⅜	89¼	0	+0⅛	9.28
EIB 7⅛ 89	12	92⅛	93⅛	0	+0⅛	8.05
Finland 5.6 83	10	90⅝	91⅛	0	−0⅛	9.92
Finland 6.8 88	10	85½	86⅞	0	−0⅛	9.67
Finland, Rep. of 8⅜ 87	15	97½	98½	−0⅛	−0⅛	8.82

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 10¾ 86 C$	60	87	88	0	−0⅛	14.24
CIBC 13½ 85 C$	60	94⅛	95⅛	+0⅛	+0⅛	15.40
CIBC 11½ 85 C$	60	86⅜	87⅜	0	−0⅛	16.04
Federal Dev. 11½ 90 C$	60	†81	82	0	−0⅛	15.41
Fst. Can. Inv. 10 84 C$	50	†86	87	0	0	16.17
R. Bk. Canada 10 88 C$	40	88¼	89¼	−0⅛	−0⅛	13.25
Tordom Con 13½ 85 C$	30	†94½	95½	0	0	15.28
M. Bk. Dnmk. 9 91 EUA	25	†87½	88½	+0⅛	+0⅛	10.97
SOFTE 8¾ 89 EUA	40	†87½	88½	+0⅛	+0⅛	10.57
U. Bk. Nwy. 9½ 90 EUA	18	†96	97	0	0	10.71
Algemene Bk. 10¾ 86 Fl	60	94⅜	95¼	−0⅛	−0⅜	11.66
Amro Bank 12 86 Fl	75	99⅞	100⅜	−0⅛	−0⅛	11.98
Bk. Mees & H. 10 85 Fl	75	93⅛	93⅞	−0⅛	−0⅛	12.04
Heineken NV 10 87 Fl	100	93⅛	93⅝	+0⅛	−0⅛	11.57
Nat. Nedrlndn. 10 88 Fl	60	94	94½	0	−0½	11.25
Ned. Midd. Bk. 10 85 Fl	75	93⅜	93⅞	+0⅛	−0⅜	11.98
Pierson 10¼ 86 Fl	50	94	94½	0	−0⅜	11.88
Air France 14½ 86 FFr	200	91¼	92¼	−1⅛	−0⅜	17.10
Bk. America 14½ 88 FFr	250	89½	90½	−0⅛	−0⅛	17.69
Charb'nages 13⅞ 85 FFr	400	88⅝	89⅝	−2	−2⅛	17.48
EIB 14⅛ 88 FFr	300	87½	88½	+1⅛	+1½	17.29
La Redoute 14¾ 85 FFr	125	86½	87½	−1⅜	−1⅜	18.94
OKB 14 86 FFr	400	91¼	92¼	−0⅜	−0⅜	16.52
Solvay et C. 14¾ 86 FFr	200	95⅜	96⅜	−2⅞	−3½	15.87
Swed. E. Cr. 14⅝ 86 FFr	250	89¼	90¼	−0⅛	−0⅜	17.84
U. Mex. Sts. 14 85 FFr	150	89⅜	90⅜	−0⅛	+0⅛	17.76
Acona 14 85 £	20	[illegible]	[illegible]	0	−0⅜	15.80
Beneficial 14¼ 90 £	20	[illegible]	[illegible]	[illegible]	+0⅛	15.72
BNP 13½ 91 £	15	[illegible]	[illegible]	[illegible]	−0⅛	15.44
CECA 13½ 88 £	20	91⅛	[illegible]	0	0	15.31
Citicorp O/S 13½ 90 £	50	[illegible]	[illegible]	[illegible]	[illegible]	14.67
Fin. Ex. Cred. 13¾ 86 £	15	93⅛	94	0	−0½	15.69
Gen. Elec. Co. 12½ 89 £	50	[illegible]	[illegible]	0	0	[illegible]
Hiram Walker 14¼ 86 £	25	[illegible]	[illegible]	0	−0⅛	15.40
Privatbanken 14½ 88 £	12	92⅛	[illegible]	[illegible]	+0⅛	16.33
Rothschild 14¼ 90 £	12	94⅛	94⅞	0	−0⅛	15.38
Royal Trustco 14 86 £	12	[illegible]	[illegible]	0	+0⅛	[illegible]
Swed. Ex. Cr. 13¾ 86 £	20	[illegible]	[illegible]	[illegible]	−0⅛	[illegible]
Akzo 9¼ 87 LuxFr	500	†89	90	[illegible]	−0⅛	11.66
Euratom 9¾ 88 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	12.76
Eurofima 10½ 87 LuxFr	500	[illegible]	[illegible]	[illegible]	+0⅛	12.25
EIB 9¾ 88 LuxFr	600	†90	91	[illegible]	[illegible]	11.98
Volvo 8¾ 87 LuxFr	500	†87	88	0	−0⅛	12.67

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5⅜ 89	†0⅛	[illegible]	[illegible]	[illegible]	[illegible]	15.71
BBL Int. 5 86	0¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5½ 88	†0⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5¼ 86	§0⅜	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Christiania Bk. 5½ 91	†0¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S Fin. 84	†0	[illegible]	[illegible]	[illegible]	[illegible]	19.09
C. Itoh 5¾ 87	0¼	[illegible]	[illegible]	[illegible]	15.44	15.59
Co-operative Bk. 6 86	0¼	[illegible]	[illegible]	[illegible]	19.56	[illegible]
Den Norske Credit 6 90	†0⅜	98⅜	99⅛	5/9	17.31	17.49
Genfinance 5¾ 87	0⅛	99⅛	99⅝	30/10	16.94	17.04
Genfinance 5⅞ 92	0¼	99⅝	99⅞	30/6	[illegible]	[illegible]
Giro und Bank 5¾ 91	†0¼	98⅞	99⅜	23/6	14.09	14.19
GZB 5½ 89	†0⅛	98⅝	99⅛	1/8	17.31	17.51
GZB 5¼ 92	†0¼	98½	99	5/9	[illegible]	17.47
Ind. Bank Japan 5¼ 87	0¼	99½	100	15/10	17.06	17.11
Ind. Bank Japan 5¼ 88	0¼	99⅞	[illegible]	9/10	16.44	16.58
Lloyds Eurofin 8 90 £	0¼	97	97½	3/7	14½	14.91
Lloyds Eurofin 5¾ 92	0⅛	99	99½	4/12	17.44	17.57
LTCB Japan 5¼ 86	0¼	99⅝	100⅛	13/12	17⅛	17.23
Man. Hanov. O/S 5¼ 94	†0⅛	99½	99⅞	30/8	19.06	19.13
Merrill Lynch O/S 87	0⅛	100⅛	100⅝	7/8	20.44	20.34
Midland Int. Fin. 5¼ 92	0¼	99⅛	99⅝	5/12	[illegible]	17.48
Midland Int. Fin. 9 91	0¼	[illegible]	98⅝	20/10	16.81	17.09
Nacional Fin. 6¾ 86	0⅜	[illegible]	[illegible]	25/7	[illegible]	17.88
Nacional Fin. 5½ 88	0⅜	[illegible]	[illegible]	25/9	[illegible]	15.22
Nat Bk. Canada 5¼ 88	0¼	[illegible]	[illegible]	[illegible]	[illegible]	14.79
Nat. West. 5¼ 94	§0⅛	[illegible]	[illegible]	[illegible]	[illegible]	16.45
Nat. West. 5¼ 92	§0¼	[illegible]	[illegible]	[illegible]	[illegible]	17.09
Pemex 6 91	0¼	[illegible]	[illegible]	[illegible]	[illegible]	15.75
Sparebanken 6 87	0⅜	[illegible]	[illegible]	[illegible]	[illegible]	17.05
Standard Chart. 5¾ 90	0⅛	[illegible]	[illegible]	[illegible]	[illegible]	17.19
Svenska Hndlsbk. 5 87	0⅛	[illegible]	[illegible]	[illegible]	[illegible]	17.98

Average price changes. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	[illegible]	[illegible]	102¼	−0⅛	15.99
Canon 6¾ 95	1/81	879	171	172½	+1⅛	0.52
Credit Suisse 4¾ 93	10/78	[illegible]	85	87	0	−2.59
Digicon Fin. 8½ 95	10/81	[illegible]	106½	108	+0⅛	15.05
Fujitsu 5½ 96	7/81	[illegible]	106	107½	+0⅛	14.79
Hanson O/S Fin. 9½ 96	8/81	[illegible]	96½	97	+0⅛	0.20
Ina Overseas 8¾ 2000	4/81	[illegible]	109½	111½	+1⅛	−1.00
Inchcape 8 95	2/81	4.55	91	92½	+0⅛	[illegible]
Kotobukiya Co. 7 96	4/81	[illegible]	[illegible]	98½	−0⅛	−3.54
Manon Int. Fin 9 95	12/80	15.5	78	79¼	0	20.30
Marui 6 96	7/81	931	101⅛	102⅜	+0⅛	−2.18
Matsushita El. 7½ 95	11/80	590	98	99	−0⅛	[illegible]
NKK 6½ 96	7/81	188	[illegible]	119½	+1⅛	[illegible]
Ricoh 6¾ 95	8/80	[illegible]	145½	147¼	+3⅛	[illegible]
Sumitomo M. Ind. 7 95	2/81	181	148⅜	149⅞	+0⅛	2.17
Swiss Bk. Cpn. 6¾ 90	9/80	200	75	77	+0⅛	25.15
Taylor Woodrow 8¾ 90	1/81	4.94	91½	93	+1⅛	0.85
Tokyu Land Cpn. 7¾ 96	4/81	325	99½	100½	+0⅛	9.65
Transco Int. 8¾ 95	2/81	68	81¼	82¼	+0⅛	40.28
Tricorp 8½ 95	12/80	11.25	†81½	83	−0⅛	11.15
Union Bk. Switz. 5 89	2/80	70.79	72⅜	74⅛	−1⅛	2.51
Fujitsu 5 84 DM	7/79	431.5	193½	194¾	+4	0.44
Sharp Cpn. 6½ 88 DM	9/80	595	187½	188½	−0⅛	−0.31
Uny Co. 6½ 85 DM	11/79	879.3	118½	119½	−0⅛	−3.90

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Arthur Andersen censured by SEC

By Paul Betts in New York

THE U.S. Securities and Exchange Commission (SEC) has censured Arthur Andersen and Company, one of the leading American accounting firms, for alleged deficiencies in the firm's audits of two companies.

Arthur Andersen agreed to the order of censure without admitting or denying the alleged deficiencies involving the financial statements of the Mattel Company and of Geon Industries in the early 1970s. Moreover, the SEC has not sought any sanctions against any individuals nor ordered any payments or reembursements as part of its ruling.

According to the SEC, the accounting firm failed to detect some major irregularities in the financial statements of the two companies.

Ford launches $150m Eurobond

By Peter Montagnon, Euromarkets Correspondent

New issue activity in the Eurobond market continued brisk yesterday with the launch of a $150m, four-year 16 per cent issue for Ford Credit Overseas Finance through Goldman Sachs.

The issue, priced at par, brings the total volume of new fixed rate paper announced this week to $240m, excluding the latest World Bank 14¼ per cent bond which was increased to $500m from $400m by the lead manager, Deutsche Bank, on Monday.

All these latest issues have, however, been fairly well received in a market that otherwise yesterday still seemed to lack direction.

Eurodollar deposit rates again moved slightly lower, lending a firm undertone to the bond market, but investors remain a little hesitant after the abrupt upward movement of U.S. interest rates at the end of last week.

The $40m 15¼ per cent bond issue due 1989 for Lafarge Coppee was meanwhile understood to have been priced at 99 last night by Citicorp and Credit Commercial de France. Because interest is payable semi-annually the effective yield is 16.33 per cent, slightly higher than the 16.10 per cent originally indicated. The 15¾ per cent issue for Pacific Lighting was meanwhile raised to $65m from $50m by Morgan Stanley International.

Both the German and Swiss markets were also basically trendless yesterday on investor uncertainty about the short-time outlook for U.S. interest rates.

The DM 150m private placement for Renault launched with a coupon of 10¾ per cent on Monday by Deutsche Bank was, however, quickly placed in firm hands, partly in the Middle East. Unofficial market quotations showed it well-maintained at around its issue price of 99¾.

In Switzerland, Tyrolean Hydro Power is raising SwFr 100m through a 10-year 7¼ per cent bond issue priced at par by the lead manager, Credit Suisse. This will be followed later this week by a SwFr 100m issue for the City of Kobe through UBS, the first public issue by a Japanese municipality in the Swiss market.

● In yesterday's item on British institutions tapping commercial paper market, the name of one borrower, Bowater Corporation, was erroneously reported as Bowater Scott.

Swiss approve loan for Egypt

By John Wicks in Zurich

OFFICIAL APPROVAL has been granted in Switzerland for a planned loan to Egypt for the financing of an air defence system. The transaction, which is still in the course of negotiation, is being handled by a syndicate of 12 Swiss affiliates of leading European and U.S. banks.

It is understood that the equipment would be supplied by the Rome-based company Contraves Italiana, a subsidiary of Oerlikon-Buehrle Holding in Zurich. The Swiss company yesterday declined to give details of the transaction in view of banking-secrecy considerations.

Banking circles in Switzerland say that the sum involved is of "several hundred million Swiss francs." One source puts the amount at between SwFr 600m and SwFr 700m ($291m to $340m).

TRALLFA

We have been asked to point out that Trallfa, the Norwegian group, is an independent company and has no connection with ASEA of Sweden. Both companies were referred to in an article on robots published on May 19.

NCNB makes $210m bid for Florida bank group

BY IAN HARGREAVES IN NEW YORK

NCNB, a banking group based in North Carolina, has made a $210m bid to acquire Florida National Banks.

The deal, which requires Federal Reserve approval, would involve an exchange of NCNB convertible preferred stock for Florida National's 7.5m common share. The largest shareholder in the Florida bank is C. A. Cavendes Sociedad Financiera of Caracas.

NCNB owns the North Carolina National Bank in Charlotte, North Carolina, and has some overseas branches. However, this would be its first attempt at banking in another state. The company has assets of more than $7bn.

NCNB does, however, own the Trust Company of Florida, which is based in Orlando, and may be able to use this to support its argument that the Federal and State restrictions on banks taking over other banks in different states should not apply to this deal.

NCNB said it would make further information available later this week when it states its case to the Federal Reserve.

Because the whole question of the legality of interstate banking is currently under reveiew in Washington, the Fed's response will be closely watched.

Florida National, a bank holding company with majority stakes in 25 commercial banks in Florida and assets of around $2.5bn, said it would study the NCNB offer and that it had retained Salomon Brothers.

For 1980 its earnings before securities transactions were $16.6m, or $2.21 a share, compared with the $50m, or $2.61 a share, achieved by NCNB.

Strong growth at General Tire

BY OUR FINANCIAL STAFF

GENERAL TIRE and Rubber Company, the fifth largest U.S. tyre maker which also has television, radio and airline interests, lifted profits sharply in its second quarter from $6.89m to $22.67m.

The increase left the first half profit at $24.79m compared with the $4.37m loss incurred in the corresponding May 31 half-year in 1980. Sales totalled $1.23bn against $1.04bn, with per share profits at $1.02 against a 19 cents a share loss. The second quarter contributed 93 cents against a 28 cents profit in 1980. The half year includes a 19 cents a share loss from the donation of land to charitable organisation.

The company said that sales of tyres, plastics, and industrial products increased in the second quarter and the half year, with the improvement reflecting both higher volume and some price increases.

Its aerospace and defence subsidiary lifted its sales and operating income for both periods, although some of the improvement for the half year reflected a loss provision in 1980.

The RKO General television and radio subsidiary lifted its contribution while the earnings contribution from the 56 per cent-owned Frontier Airlines advanced by $1.9m in the quarter and $5.7m in the half year. The higher profit was attributable to growth in traffic as well as some additional subsidy.

Offer for First Bancorp withdrawn

By Our Financial Staff

FIRST BANCORP, parent company of First Bank of New Haven, Connecticut, said the foreign financial institution which had previously expressed an interest in purchasing all or a substantial portion of First Bancorp's stock has advised that it is no longer interested.

The bank holding company requested a trading halt to permit dissemination of the announcement.

First Bancorp is also the parent holding company of New Britain Bank and Trust and the Terryville Trust.

It has combined assets of $722.5m and total deposits in all three subsidiary banks of $623.9m. It operates 45 banking offices throughout the State and is Connecticut's seventh largest banking institution.

Bangor Punta optimistic despite aviation downturn

BY OUR FINANCIAL STAFF

BANGOR PUNTA expects higher consolidated net income in fiscal 1981 compared with last year in spite of difficulties in its Piper Aircraft subsidiary, according to Mr David W. Wallace, president and chairman.

He said Piper will not meet its expectations for fiscal 1981, due to a reversal in May of the promising recovery in the aviation industry, and Piper in particular, earlier this year.

In fiscal 1980 Bangor Punta lifted net profits from $29.7m or $3.97 a share to $31.9m or $4.27 a share on revenues down from $786m to $759m. The general aviation division contributed 52 per cent of total sales and 39 per cent of profits, while the group's firearms offshoot, Smith and Wesson, accounted for 16 per cent and 33 per cent respectively.

The balance of sales and profits came from agricultural products (15 per cent and 20 per cent respectively).

The company said Piper is giving most production workers at its Vero Beach, Florida, plant two weeks' vacation at the end of July due to the current state of the aviation industry. It also said Piper will transfer production of its Aerostar twin-engine aircraft to Vero Beach from Santa Maria, California.

Mr Wallace said a continuing good performance by Smith and Wesson and Producers Cotton Oil, together with the previously-announced gain on the sale of California farmland, should result in an improved 1981 performance.

General Instruments forecasts peak year

By Our Financial Staff

RECORD SALES and profits are confidently expected at the year-end at General Instruments, which is the leading U.S. manufacturer of the automated betting systems used on world racetracks and also makes cable TV equipment. Almost 40 per cent of earnings last year came from outside the U.S.

At the end of the first quarter, the group, based on New York's Broadway, shows earnings increased from $15m to $18.8m or $1.81 a share fully diluted. Revenues improved from $205m to $220m.

For its last fiscal year, General Instrument lifted earnings by 33 per cent to $68.12m or $7.46 a share. For the current year, Wall Street analysts have predicted earnings of about $7.90 a share unadjusted for a 3-for-1 share split on which shareholders vote at the end of this week.

Mr Frank Hickey, chairman and chief executive, said yesterday that "order input has been good and backing measured by scheduled shipments within six months and non-cancellable contracts is nicely ahead of a year ago."

Barring unforeseen economic change, he added, "We are confident that fiscal 1982 will produce new revenue and profit records."

General Instrument, whose shares were listed in London in May, also manufactures cable television equipment, from which it took 29 per cent of its profits last year, and makes semi-conductors (25 per cent) and component products (23 per cent).

Its data products division (23 per cent of earnings last year), produces the AmTote 300 System for selling and cashing bets for on-track purposes.

When the results for last year were disclosed, Mr Hickey referred to a strong upsurge in the cable electronics business and a strong performance in microelectronics, where a major investment was made in the UK operation in 1980.

The company has been pushing ahead to new earnings record every year for the past five, with the electronics and cable television operations gradually replacing the betting machinery divisions as the major sources of revenues and profits.

Van Gelder break-up likely after aid refusal

By Charles Batchelor in Amsterdam

THE LOSS-MAKING Dutch paper group, Van Gelder Papier, is almost certain to be broken up after an announcement yesterday that the Government is unable to provide any more financial aid. No funds are immediately available to provide the Fl 80m ($30m) worth of guarantees that Van Gelder had sought.

Van Gelder now plans to hold a meeting with its bankers to see what can be saved. If these discussions did not produce results, then prospects were sombre, the company said.

According to members of the Permanent Parliamentary Committee for Economic Affairs, who held confidential talks yesterday with Mr van Aardenne, profitable parts of the Van Gelder concern could continue trading.

Van Gelder last month suspended plans to shut three paper plants, which would have led to the laying off of nearly a quarter of its 4,700 workforce. The Economics Ministry offered a Fl 1.5m bridging loan to keep one factory open for six weeks, and a court ordered two other factories to be kept open while talks were held with the works council.

Van Gelder, which is half-owned by the U.S. paper maker, Crown Zellerbach, sustained a net loss of Fl 54m in the first half of 1980 and is expected to at least double this deficit in the year as a whole. Crown Zellerbach last year completely wrote off its holding in Van Gelder, which it had previously valued at $34m.

BASF in Japan

BASF of West Germany plans to build two plants in north Japan to assemble magnetic tape cassettes at a monthly rate of about 2m, according to the company's subsidiary, BASF Japan, Reuter reports from Tokyo.

Major disposal by AEG as high interest rates bite

BY LESLIE COLITT IN BERLIN

IN A move to raise badly needed cash, AEG-Telefunken, the troubled West German electrical group, has sold its half share in Teldix to give rival electrical engineer, Robert Bosch, sole ownership.

The move follows the recent sale by AEG of an 83 per cent stake in Hartmann and Braun, which makes electrical measuring equipment. Neiher deal was accompanied by a sale price. Teldix, which makes a profit, produces navigational equipment.

This latest disposal underscores what Herr Heinz Duerr, the AEG executive board chairmain, explained at the annual meeting as the need to achieve "capital liquidity." Shareholders approved the DM 250m ($106m) rights issue which will be used to continue the "structural changes needed to restore the company's profitability."

In spite of what Herr Duerr called a worsening business outlook, he said AEG hoped to continue the recovery shown in the first five months of 1981. Orders since January have risen 9 per cent, while turnover was 6 per cent higher. The company was said to be well ahead of the rest of the West German electrical industry in terms of sales and orders.

AEG, the second largest electrical group in Germany after Siemens, was the subject of a major rescue operation last year, involving the country's major banks and a number of industrial groups.

Herr Duerr predicted that orders and sales for the whole of 1981 would show an increase, largely as a result of foreign demand. He was "rather sceptical" about domestic business and stressed that the sharp rise in German interest rates had become a growing "risk factor."

He expected 1981 losses to be smaller than in 1980 when the domestic group incurred a DM 278m loss. However, shareholders were told that the group was not yet "out of the wood." There was a long and tortuous path before AEG could return to profitability and further expenditure on reorganisation was still necessary.

High interest rate were also affecting business and the group would have to take measures to raise cash, Herr Duerr said.

He said incoming orders in the plant technology sector were satisfactory while communications-technology operations were expanding. Mass produced consumer goods sales in Germany, however, had "declined noticeably" with the domestic appliance and consumer electronic markets worsening sharply in the past two months.

Herr Duerr noted that production of video recorders was to begin in the latter half of 1982 at one of AEG's Berlin factories under the joint venture recently reached between Telefunken, JVC of Japan, Thomson-Brandt of France and Thorn-EMI.

Good performance by Rosenthal

BY ROGER BOYES IN BONN

ROSENTHAL, the West German porcelain and industrial ceramics group, has reported a good business year and is looking forward to strong results in 1981, at a time when most West German consumer goods manufacturers are, at best, stagnating.

Group sales rose by 12 per cent to DM 550m ($233m) in 1980, with only 2 per cent of the rise resulting from price rises. Pre-tax profits were pushed up from DM 17.7m in 1979 to DM 18.8m and net profits increased by DM 600,000 to DM 7.7m, allowing an increase in the dividend from DM 8 per share to DM 8.50.

The company, established a century ago, said 1980 was its best post-war result, and believes that despite rising costs a similar performance will be recorded this year. Sales growth of between 5 per cent and 7 per cent is expected for 1981, though that will include a price rise of about 6 per cent in the porcelain sector.

There appear to be three reasons why the company — which still has strong links with the Rosenthal family—managed to buck the trend in 1980.

The group diversified at an early stage out of its core sector—porcelain—into office furniture, glass and industrial ceramics. That has allowed it to sell the notion of high-quality "Rosenthal design" in a broad range of products, apart from procelain.

Meanwhile, the traditional specialty of fine porcelain continues to be popular, especially in overseas markets. Demand is extremely high in the U.S.

Additionally, the relatively small size of the workforce — about 8,000 at production centres at home and abroad—has given the group managerial flexibility and has made innovation—in for example, electrotechnical ceramics—a much more straightforward process than with larger companies.

Equally, its marketing strategy of combining the selling of porcelain as a quality product with High Street outlets (so called Rosenthal studios) helps explain why the company is able to maintain sales and profits in the middle of a recession.

Fresh talks on rules for Milan Bourse

By Rupert Cornwell in Rome

AS THE Milan stock market continued to drift lower in almost paralysed trading, the Bourse regulatory authority, Consob, yesterday confirmed its controversial measure limiting dealings to cash transactions.

The decision was announced as the Consob embarked on a new round of talks with interested parties aimed at producing a new set of regulations for market trading, more flexible than the provisions for immediate settlement, but which would protect small savers from the threat of a really violent shake-out in share prices.

On Monday the Consob, led by Sig Guido Rossi, its new president, met representatives of the banks, which normally fulfil an "institutional" function, smoothing out violent swings in share prices.

Yesterday it was the turn of brokers, who have been the most outspoken critics of the Consob emergency measures, announced a week ago.

The shape of any new regulations remains unclear. While some experts favour a shortening of the trading account, at present one month, others argue for the present restrictions to be replaced by a system of increased deposits by buyers and sellers. This, they claim, would have the effect of eliminating much purely speculative trading.

In the meantime, dealings are almost at a virtual standstill. Daily trading volume has dropped to under a tenth of the L100bn ($85m) frequently reached in the later stages of the 18-month boom which ended at the beginning of June.

Since then, in increasing nervousness and uncertainty, the market has dropped by 27 per cent. Yesterday's decline was 1 per cent, after a fall on Monday of 7 per cent. So thin is trading, dealers report, that a block of as few as 50 shares on offer can cause severe problems.

Pressure on the Consob to get things back to normal is intensified by the series of major capital increases by quoted companies known to be in the pipeline. All the three big banks controlled by IRI—Credito Italiano, Banca Commerciale Italiana and Banco di Roma—are doubling their capital, while Snia Viscosa, the chemicals concern, yesterday confirmed a scheme to raise its capital to L262bn from the present L136bn.

Everyone is aware that if the present impasse is not satisfactorily and swiftly resolved, the new importance of the bourse as a fund raising centre and home for savings could be severely damaged.

U.S. bank to close Vienna branch

By Paul Lendvai in Vienna

Continental Illinois National Bank, of Chicago, is to close its branch in Vienna by the end of the year. The Vienna branch, which has a staff of 32, reported a consolidated balance sheet of Sch 3.2bn ($193.47m) last year. The bank, which set up its Vienna office in 1971, said that disappointing earnings and competitive disadvantages with regard to the domestic banks were the main reasons for the decision to cease operations in Austria.

Although other U.S. and foreign banks in Vienna have denied any plans to follow suit, the closure comes as a serious setback to the carefully cultivated image of Vienna as an expanding international finance centre, particularly with regard to East-West trade financing.

Ansett in Air Vanuatu deal

By Our Sydney Correspondent

ONE OF Australia's two internal airlines, Ansett Transport Industries, jointly owned by Mr Rupert Murdoch's News group and Thomas Nationwide Transport, has joined with the Government of the recently independent Vanuatu to provide a weekly air service from Sydney to Vanuatu's capital, Vila. Vanuatu was formerly the New Hebrides.

A new airline Air Vanuatu, is to be created, with control split 60-40 between the Government and Ansett.

Spanish banks seek to resolve problems of Lopez offer

BY ROBERT GRAHAM IN MADRID

THE HEADS of the big seven private Spanish commercial banks yesterday sought to paper over their differences in a renewed effort to prevent Banque Nationale de Paris acquiring an ailing commercial bank, Lopez Quesada.

The banks met yesterday for a working lunch at Banesto, the leading private bank in Spain. Their prime purpose was to agree on a new upgraded offer for Lopez Quesada. No announcement was expected after the meeting.

In the past 10 days the issue of Lopez Quesada's sale has become increasingly bound up with two other vital matters affecting the future of the Spanish banking system. There is serious concern over the possibility of a second wave of bank failures. Coupled with this is a conflict within the big banks which have traditionally controlled much of the banking system.

The big seven banks, Banesto, Bilbao, Central, Hispano, Popular, Santander and Vizcaya, have bid both for Lopez Quesada and another bank administered by the Corporation Bancaria, Meridional. The latter was already the subject of a bid by Vizcaya.

It was understood that BNP's offer was the higher of the two. This was indicated by the Bank of Spain, which decided to rule that Meridional be acquired by Vizcaya.

In so doing, the Bank of Spain implicitly gave an unfavourable view of the big seven's plan to use the consortium to act as an institution to take over other ailing banks.

The idea of a Spanish banking consortium both to stave off foreign penetration and to shore up confidence in the Spanish banking system is very much that of Banesto, the biggest bank which is supported by the second largest, Central, though with differences. The greatest reserve is being shown by Hispano and Vizcaya.

Japanese partner Rundle twins in Condor study

BY COLIN CHAPMAN IN SYDNEY

JAPANESE COMPANIES participating with Southern Pacific Petroleum and Central Pacific Minerals, the Rundle twins, in the A$24m two-year feasibility study into the Condor oil shale deposit, include companies ranging from oil refining to heavy industry and steel, engineering and construction companies, trading houses, and banks.

The refining companies involved are: Idemitsu Koran, Kyodo Oil, Showa Oil, Daikyo Oil, Nippon Mining, Maruzen Oil, Mitsubishi Oil, Asia Oil, Koa Oil, and Taiyo Oil. The Steel companies are: Kobe Steel, Nippon Steel, Nippon Kokan. Heavy industry participants are: Hitachi shipbuilding and Engineering, Mitsui Engineering and Shipbuilding, Mitsubishi Heavy industries and Onoda cement.

Engineering companies comprise Chiyoda Chemical Engineering and Construction, JGC Corporation, and construction companies, Aoki, Kajima, Shimizu, In trading: are C. Itoh, Sumitomo, Nissho-Iwai, Mitsui, Mitsubishi. The banks cover Long Term Credit Bank, Bank of Tokyo, Industrial Bank, Sumitomo Bank, Mitsubishi Bank.

Mr McFarlane, the chairman, of the Rundle twins also announced that as a result of shale technology research there were now at least 35 different processes or projects in various stages of development, out of which: "There are emerging several possible methods of oil shale processing which could be significantly more attractive for development of Queensland oil shales than those previously investigated by us."

SAS sees another deficit

BY WESTERLY CHRISTNER IN STOCKHOLM

SAS, the Scandinavian airline, forecasts a consolidated pre-tax loss of about SKr 62m ($12.5m) for the year ending September 30, which almost matches the 1979-80 deficit.

It will be the second consecutive loss in 19 years. An air traffic controllers' go-slow in Denmark this month is reckoned to contribute to the deficit.

Meanwhile, SAS has announced that Mr Jan Carlzon, who became head of the passenger operations about six months ago, is to succeed Mr Carl-Olov Munkberg as group managing director from August 1. The airline expects Mr Carlzon to return it to profitability by pushing through a group restructuring plan started several years ago.

The Swedish parent company of SAS owns 42.86 per cent of the airline, with the Danish and Norwegian parent companies each holding 28.6 per cent.

A$50m convertible for Myer Emporium

By Our Sydney Correspondent

AUSTRALIA'S largest department store chain, the Myer Emporium, yesterday announced a A$50m (US$57.5m) convertible note issue and an asset revaluation. This comes at a time when an unknown group is moving to take a strategic holding in the company.

Shortly before the announcement of the convertible issue a parcel of 2.24m shares, representing 1.2 per cent of the capital, moved through the Sydney market in a special sale at A$2 a share.

The Australian retailing industry has been subject to several changes in ownership among important participants in recent years. The two most notable are the takeovers of David Jones, the Sydney retailer, by Adelaide Steamship and of Waltons by Bond Corporation.

The tempo of trading in Myer shares has heightened in recent weeks with one Melbourne broker prominent in the market amid speculation that a South East Asian group is seeking at least 3m shares.

The company's Board was unable to explain the increase in turnover yesterday, but believed the rise in share price from a low of A$1.49 this year to the A$2 was attributable to several factors.

Mr K. A. Rosenhain, the Myer chief executive, said the recent improvement reflected a 16.3 per cent advance in sales in the recent quarter, an improvement in consumer confidence, and recognition by investors of the value of the company's property assets.

Details of the convertible note issue will be announced within the next few days. The A$50m raised is to be used to fund the company's expansion programme, which in recent months has included the acquisition of the sportswear manufacturer, Country Road, the Victoria-based liquor retailer, San Remo, and 50 per cent of the consumer credit group, D.J.'s Household Finance.

The extent of the property revaluation has not been given as Myer has yet to receive the recently commissioned report on its property holdings. The revaluation will take account of the inflation of property values since the last revaluation in 1979 and the capital appreciation of assets as a result of improved retail sales.

"The company is continuously evaluating current and potential returns on both leasehold and freehold properties to ensure the maximum utilisation of these assets," Mr Rosenhald said.

Myer assets are presently valued at A$2.59 per share.

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Mitsubishi Electric lifts group results

By Our Financial Staff

GROUP RESULTS for Mitsubishi Electric Corporation, a major Japanese manufacturer of industrial and consumer electronic products, show a 5 per cent rise in net earnings for the year to March to Y34.24bn ($154m) from Y32.62bn and a 12.5 per cent advance in sales to Y1,339bn ($6bn) from Y1.189bn. Earnings per share were Y23.34 compared with Y23.23m.

The highest growth in sales was achieved by the electronic and industrial machinery division with a 20 per cent rise to Y451.17bn from Y377.45bn, reflecting the strong performance of semiconductors and computer equipment. Sales of consumer products advanced by 14 per cent to Y333.88bn from Y292.79bn. Heavy machinery seles amounted to Y321.63bn, up 7 per cent over the previous year's Y300.73bn, while sales of standard electrical machines were Y232.06bn, an increase of 6 per cent from the Y218.5bn of 1979-80.

Exports jumped by 33 per cent to Y248.31bn representing 19 per cent of total sales, compared with 16 per cent in the previous year.

In May the company reported a 7.6 per cent fall in parent company net profits to Y23.19bn on sales up by 15.6 per cent to Y1,221bn.

The company said then that higher costs of raw materials and increased interest payments dragged down profits and the yen's appreciation in foreign exchanges had reduced export profitability.

The final dividend of Y4, including Y1 to mark the commemoration of the company's 60th anniversary, lifted the total for the year from Y6 to Y7.

Marginal fall in first-half earnings for Toyo Kogyo

BY YOKO SHIBATA IN TOKYO

TOYO KOGYO, of Japan, the manufacturer of Mazda cars and trucks, in which Ford Motor of the U.S. has a 25 per cent stake suffered a 3.9 per cent fall in operating profits to Y19.56bn in the six months to April 30, 1981, despite an 18 per cent increase in sales to Y581.67bn ($2.61bn).

The downturn in profits was limited by a boost in exports of the popular front-wheel-drive Familia car. The company expects full year net-profits to rise slightly from Y15.74bn to between Y16bn and Y17bn. First-half net profits were down 6.8 per cent to Y9.39bn. Toyo hopes to offset the current import restrictions imposed by the U.S. and European countries by diversifying its export markets with the help of Ford Motor. Total sales are forecast to reach Y1,180bn in the year compared with Y1,030bn in 1979-80.

First-half earnings per share fell from Y14.7 to Y12.9 on capital increased by a 34.3m share scrip issue and by the conversion of 7.9m shares from convertible debenture stock.

The company plans to sell 640,000 vehicles in the second half, including 450,000 for export, compared with 623,000 in the first half when 440,000 were exported.

A slowdown in sales in the home market is blamed on a shortage in supply of Familia cars. Production could not meet domestic demand.

Exports advanced by 39 per cent in value to reach Y360.72bn in the half year, accounting for 68 per cent of total turnover of Y527.11bn. The supply of cars to Ford Motor accounted for about 10 per cent of the total.

Sales in Central and South America jumped by 85.3 per cent, shipments to Australia and New Zealand by 84 per cent, but sales in the U.S. were 3.1 per cent lower.

The increase in exports and the full effect of export price rises in 1979-80 helped to offset higher material and energy costs. Successful operations in the debenture market lifted the company's interest received by Y2.9bn. However, depreciation charges, resulting from capital investment of Y77bn in 1979-80 and Y90bn in the current year, grew by Y14.3bn. The company has maintained the level of its borrowings at Y196bn, because of the further heavy capital investment in prospect.

Pegi sees sharp rise in profits

BY WONG SULONG IN KUALA LUMPUR

PEGI, the Malaysian investment company which holds 17 per cent of Dunlop Holdings, is forecasting a pre-tax profit of 5.4m ringgit ($2.3m) for the year to March 1982, compared with 290,000 ringgit for 15 months ended March 1981.

More than half of the profit will come from dividends from the company's investment in Dunlop, and another 2.1m ringgit from its newly acquired 50.2 per cent holding in Synthetic Resins Berhad.

The directors expect to maintain the dividend at 5 per cent gross on the increased capital of 47.6m shares of 1 ringgit each.

The projections are made in an explanatory letter to shareholders in compliance with a requirement for a relisting of Pegi shares on the Kuala Lumpur Stock Exchange, after a three-year suspension.

Trading will resume on the KLSE on Friday instead of last Monday because of delays in the publication of the letter.

Group tangible assets are valued at 106m ringgit, giving net tangible assets per share at 2.24 ringgit.

* * *

GENERAL CERAMICS Berhad (GCB), the tile manufacturer, has become the latest publicly listed Malaysian company to venture into property development with the announcement of two acquisitions worth 66m ringgit ($28.4m).

It will take up the entire paid-up capital of both Prudential Properties and Malaysia British Assurance through a share exchange of 6m GCB shares of 1 ringgit each for Prudential and 16.09m shares for MBA. The deal values GCB shares at 3 ringgit, Prudential shares at 6 ringgit, and MBA shares at 5 ringgit each.

All three companies are controlled by Datuk Low Keng Huat, a Malaysian property developer, and his associates. The deal is seen as a move by Datuk Low to inject his private assets into his publicity listed company.

Advance in updating of plant for Tisco

By K. K. Sharma in New Delhi

THE INDIAN Steel Ministry is to provide Rs 1bn (some $130m) of finance from the Indian Steel Development Fund for the modernisation of the plant of the Tata Iron and Steel Company (Tisco) at Jamshedpur in Bihar.

Tisco's annual steel production would be raised by about 10 per cent, bringing it to 1.7m tonnes, Mr J. R. D. Tata, the company's chairman said. The International Finance Corporation, the affiliate of the World Bank, has also made a loan of $38m, for Tisco's modernisation plans.

Tisco is to raise Rs 300m through the issue of bonds to strengthen its working capital. A two-for-five scrip issue is also to be made.

The bond issue consists of 1m of Rs 300 each, comprising a convertible part of Rs 100 and a non-convertible part of Rs 200. Approximately a third is to be a rights issue and two-thirds a public issue.

Gross profits of the company rose 51.6 per cent in the year to March 31, to Rs 878m ($103m) from Rs 579m the previous year. A dividend of Rs 15 per ordinary share has been declared, compared with Rs 13.5.

After the profits and scrip issue announcement, Tisco's ordinary shares were quoted at Rs 278, compared with Rs 238 beforehand.

Tisco's gross turnover increased by 14.5 per cent to Rs 5.2bn ($610m) from Rs 4.5bn.

COMPANY ANNOUNCEMENT

91ST ANNUAL MEETING OF THE CHAMBER OF MINES OF SOUTH AFRICA

MINING BOOSTS SOUTH AFRICAN ECONOMY

The following is an abridged version of the address by Mr. R. S. Lawrence, President of the Chamber of Mines of South Africa, at the 91st annual general meeting of the Chamber in Johannesburg on 23rd June, 1981:

Measured by any standards 1980 was an outstanding year for the South African mining industry and for the country as a whole.

The revival of the economy, assisted by exceptional earnings from gold and coal mining, exceeded expectations and the growth rate of about 8 per cent was the second highest in the country's post-war history. Two major problem areas were, however, the continuing unacceptably high inflation rate, fuelled by an escalating money supply, and the serious shortage of skilled personnel.

On the domestic political front the Prime Minister, the Hon. Mr P. W. Botha, has affirmed in the wake of his victory in the April, 1981, general election that he will pursue his policy of progressive reform. Great expectations have been generated in recent years and the whole nation waits with considerable interest for indications of the scope and pace of the promised reforms.

Internationally, there seems to be a positive reassessment of policy towards South Africa by some of the major Western powers, particularly the United States, which now appear to acknowledge that the best way to ensure the security of the strategically important Southern African region is through constructive involvement in the area and the application of policies designed to encourage rather than to force change.

Mineral Sales

The value of South African mineral sales in 1980, including gold, increased by some 54 per cent, as compared with 1979, to total R14 994 million. Mineral exports increased by about 57 per cent to total R13 321 million.

The most impressive performers were gold and coal. As a result of the dramatic increase in the price during the year the value of gold sales rose by 78 per cent to R10 370 million while increased exports and some price adjustments caused revenue from coal sales to rise by 31 per cent to R1 495 million. Sales of these two minerals accounted for some 79 per cent of the total value of mineral sales. The combined sales value of a range of strategic minerals, including uranium, platinum and vanadium, rose by 38 per cent and fluorspar sales increased in value by 21 per cent. However, the majority of other non-strategic minerals showed only minor increases while some recorded lower sales revenues. This trend reflected the lacklustre performances of the major industrialised economies and, in particular, the depressed conditions in world steel markets.

Coal

South Africa's coal production increased by 10.9 per cent in 1980 to 115 million tons compared with 104 million in 1979.

The volume of coal sales increased by about 13 per cent and the volume of exports by more than 25 per cent. Sales amounted to R1 495 million and exports accounted for R688 million. Members of the Chamber (excluding Sigma and Bosjesspruit collieries) sold close to 94 million tons in 1980, valued at R1 107 million, or about 84 per cent of total South African sales.

Official surveys of the Republic's coal reserves recently made by the Department of Mineral and Energy Affairs have revised upwards the previous estimates based on 1972/1973 data. In situ coal reserves are now assessed at about 110 billion tons, compared with the previous estimate of 82 billion tons.

Of this total about 51 billion tons are now considered to be economically extractable, compared with the previous figure of 25 billion tons.

Gold

South Africa's reduced gold output last year, together with a substantial reduction of net gold supplies from the communist bloc and a slight increase in mine production from other non-communist countries, resulted in new gold supplies to the market in 1980 of 1 033 tons. Dishoarding from the Middle East, the Far East and India totalled some 189 tons which, when added to new gold supplies, meant that total supplies to the market amounted to about 1 222 tons, a fall of 28 per cent from the 1 704 tons of 1979. A further factor was the termination of the auctions by the U.S. Treasury and the International Monetary Fund.

The two main elements on the demand side remain industrial offtake — encompassing the important gold jewellery market as well as gold used in electronics, dentistry and other industrial and consumer products — and investment demand by private investors for bullion and for gold coins, principally the Krugerrand, and purchases by central banks.

Whereas in 1979 investment demand, including the purchase of gold coins, gold bullion and net additions to reserves by central banks, amounted to about 40 per cent of total world gold demand, it is estimated that in 1980 closer to 60 per cent of total gold demand was generated by the investment sector.

It was mainly this investment interest which caused the gold price on the London market to average approximately $613 per fine ounce during 1980 compared with an average price per ounce of half that in the previous year. While in 1979 the gold price tended to show a steady upward trend, in 1980 the gold market was characterised by increasing volatility related to currency uncertainty and substantial fluctuations in interest rates, particularly in the United States.

The high average gold price in 1980 and rising interest rates had a predictably negative effect on gold consumption in the form of jewellery fabrication, which declined to 309 tons from 737 tons in 1979. Manufacturers experienced great difficulty in financing their operations as a result of decreased demand from the retail sector which had encountered customer resistance to the higher jewellery prices. The gold marketing arm of the Chamber, the International Gold Corporation, responded to these developments by concentrating its efforts on attracting a wider network of consumers through the promotion of lighter, less expensive items and by encouraging manufacturers to produce innovative designs which involve the use of original, non-precious materials in association with gold.

Sales of Krugerrands were also affected by the increased gold price and a total of 3.1 million ounces were sold in 1980 compared with 4.9 million ounces in 1979. It is nevertheless encouraging that the revenue earned in 1980 of R1 526 million was R196 million greater than the R1 330 million earned in 1979. It is also encouraging that sales in the first five months of 1981 were 276 583 ounces higher than the 909 750 ounces sold in the first five months of 1980.

The gold price increased towards the end of 1979 and into the first two months of 1980 at such a steep rate that some gold coin investors found that they could not afford the one ounce Krugerrand. Since Intergold's coin marketing activities are designed to put gold into the hands of the man in the street, the new half, quarter and tenth ounce Krugerrands were introduced to encourage the smaller investor to remain in the market. The new coins were launched internationally on 23rd September, 1980.

The opening of an Intergold office in Hong Kong and the adoption of an aggressive Krugerrand marketing programme during 1980 had a significant impact on coin sales. In addition, the launch of the Krugerrand coins in Japan in December, 1980, and the appointment of an official Krugerrand distributor there paved the way for exploiting the vast potential for sales in a market which it is considered could become the largest in the world on a per capita basis. The United States remained the major market for Krugerrands and Intergold concentrated on improving distribution of the coins in that country. Finally, a new market worthy of attention was revealed in Argentina during 1980 and a Krugerrand test marketing programme is planned there in 1981.

Central bank purchases of gold bullion which amounted to a net 230 tons last year provided substantial support for the market, particularly when it is borne in mind that in general these institutions have been net sellers of gold since 1972. The offtake of gold by central banks seeking diversification of their reserve assets and a means of protecting them against depreciation was strong evidence of the recognition of gold's role as a store of value.

The gold reserves of member countries of the International Monetary Fund currently amount to 1 133 million ounces which, valued at market related prices, are well in excess of official holdings of foreign exchange. The world monetary system continues therefore to be backed largely by gold.

Labour

Employment opportunities in mining have increased steadily. The average number of employees in service on gold and coal mines, members of the Chamber, has risen by about 4 per cent annually over the past four years to reach 545 000 last year.

The known expansion plans of the industry are expected to create nearly 100 000 additional jobs in mining, the overwhelming majority for unskilled workers. This will constitute a vital economic contribution to the territories of the Southern African region which permit their citizens to seek employment on South African mines.

The direct economic benefits to these territories may be judged by the fact that the cash wage bill for migrant workers on the Chamber's gold and coal mines alone amounted to R1 018 million last year — and that by far the greater portion of these earnings flowed back to the home territories. Because the majority of mine workers receive free food, accommodation and other facilities on the mines, they are able to save the major proportion of their earnings which are taken home with them or sent home by means of deferred pay or remittance facilities provided by the industry. The wages of Black employees in the mining industry have increased tenfold in the past 10 years and the intention is to develop a common, non-racial wage structure, eliminating any wage differentiation based on race for any particular job category.

The Outlook

The sound development of the economy last year and its firm consolidation this year have provided the necessary economic strength for change in other areas. The high economic growth rate experienced in 1980 is clearly not sustainable but a growth rate of around 5 per cent for this year seems possible. There has been much comment on the change in direction of the economy this year but it should be borne in mind that the normal economic and business cycles will continue to operate. The present period of consolidation therefore provides the opportunity for a further upward surge in the economy in due course.

The South African mining industry embarked on a major programme of expansion during the 1970s which enabled the country to strengthen substantially its foothold in the international mineral markets. The industry has every intention of further entrenching its position in the mineral markets in the years ahead. The pivotal role which the industry occupies in the world mineral markets has been achieved with considerable effort and exceptional attention to its reliability as a supplier and the industry intends to maintain the standards which have earned it this enviable reputation.

Gold is such an important factor in the South African economy and in our way of life that I believe that it is appropriate that I should give some indication of my views on the prospects for the gold price.

In this area, as one would expect, the economic cycle has also had its impact and we have seen relatively low prices compared to the peaks of last year. Nevertheless the gold price this year has remained remarkably stable at levels which were unthinkable only 3 years ago. This is particularly true if one considers the recent high U.S. interest rates, a strong U.S. dollar, an apparent stabilisation of the oil price and a generally slack international economy.

It appears from the available information that there is a closer balance between supply and demand at the present time. Consequently, in the immediate future it appears unlikely that the gold price will vary greatly from the present relatively stable level. However, economic and political uncertainties remain. A turnaround in U.S. interest rates, a weakening in the present strength of the U.S. dollar, further increases in the oil price and continuing political disturbances around the world are inevitable. I believe, therefore, that the gold price will resume its upward trend in order to balance projected supply and demand. In any event the broadening of the gold market which we have seen in the last five years will continue and this will ensure an increase in real terms in the gold price well into the future.

The development of the South African mining industry under the free enterprise system has been a demonstration of how the private and public sectors can work together to the advantage of all the peoples of this country, an example which could well be followed in other areas of public endeavour with similarly successful results. Nor should the benefits of co-operation and co-ordination be limited to South Africa alone. These are benefits which can and should be enjoyed by Southern Africa as a whole working in partnership together.

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The full text of this address is available from the General Manager, Chamber of Mines of South Africa, 5 Hollard Street, Johannesburg 2001.

RESIDENTIAL PROPERTY

COMPANY NOTICES

SUNBELT HOLDINGS S.A.
(R. C. LUXEMBOURG: B 18113)
Societe Anonyme
43, Rue Goethe, Luxembourg

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the company will be held on Wednesday, 8th July, 1981, at the registered offices of the company, 43, Rue Goethe, *Luxembourg*, at 10.00 hours, when the following resolutions will be proposed:

1. Rights Issue:
That the issue to existing shareholders of 150,000 new shares on the basis of one new share for every five existing shares held, at the price of U.S. $10 per share be confirmed.
2. That the following be appointed directors of the company:
Mr. Tor Andenaes
Mr Ian D. Wilson
Mr. Howard Wolf.
3. That Mr. Richard Mallery, having expressed the wish to resign from the board of directors, be discharged from his responsibilities as a director.
4. That the directors be authorised to delegate to one director the power to appoint an executive committee to manage the affairs of the group.

The Board of Directors.

COMPANY NOTICES

European Depositary Receipts issued by Morgan Guaranty Trust Cy of New York

HONDA MOTOR CO. LTD.

A distribution of Dollar 2.59 per depositary share will be made payable on and after June 18, 1981, upon presentation of coupon no. 10 which represents an allotment right for the 10% Stock Dividend, at Morgan Guaranty Trust Cy of New York:
—New York, 30, West Broadway
—Brussels, 35, avenue des Arts
—London, 33, Lombard Street

European Depositary Receipts issued by Morgan Guaranty Trust Cy of New York

HONDA MOTOR CO. LTD.

A distribution of $0.225 per depositary share less any applicable taxes will be payable on and after June 12, 1981 upon presentation of coupon no. 11 at the office of any of the following depositaries:
MORGAN GUARANTY TRUST CY OF NEW YORK
—New York, 30, West Broadway
—Brussels, 35, avenue des Arts.
—London, 1, Angel Court
Amount payable after deduction of 15% Japanese Tax: $0.189
Amount payable after deduction of 20% Japanese Tax $0.178

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905 AND URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1909

Williams and Glyn's Bank Limited hereby give notice that they have received instructions from the Banque de Paris et des Pays-Bas S.A., Paris to pay to the extent of the funds which may be provided for the purpose coupons of the above loans due 1st July 1981 in sterling at the rate of £0.175 per unit coupon. This represents interest at 3½% in accordance with the terms of the offer of the Uruguayan Government dated 3rd January, 1939.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar easier

Dollar lost ground in confused foreign exchange trading, reflecting the lower trend in U.S. interest rates. The Federal funds overnight rate fell quite sharply in early New York trading, and Eurodollar rates showed a weaker tendency throughout the day in Europe. Interest rate factors remained dominant, with the market unaffected by news of a rise of 0.7 per cent in U.S. May consumer prices, compared with 0.4 per cent the previous month.

Sterling was firmer against most currencies, including the U.S. dollar, trading above the $2 level for much of the day, but easing in late trading.

European currencies were generally firmer against the dollar, but the French franc weakened as a result of the move to the left in the French Presidential and General elections. The franc also declined within the European Monetary System, while the D-mark remained the strongest member, followed by the Italian lira.

DOLLAR—trade-weighted index (Bank of England) fell to 107.6 from 108.1. The U.S. currency fell to DM 2.3560 from DM 2.3630 against the D-mark, and to SwFr 2.0325 from SwFr 2.0540 in terms of the Swiss franc, but rose to FFr 5.6625 from FFr 5.6250 against the French franc on fears of Communist participation in the new French Administration.

STERLING—trade-weighted index (Bank of England) rose to 96.1 from 95.7, after opening at 96.3 and easing to 96.2 at noon. The pound opened at $2.0100-$2.0110, the highest level of the day, but eased during the morning to $2.0025 at noon. In the afternoon sterling touched a low point of $1.9960-1.9970, but then recovered to around $2.0050, before closing at $1.9985-1.9995, a rise of 65 points on the day.

D-MARK—Strongest member of the European Monetary System and slightly improved against the dollar as U.S. interest rates show signs of declining. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may sustain the recovery providing U.S. interest rates do not rise sharply once more. The D-mark showed mixed changes at the Frankfurt fixing, improving against the dollar and French franc, but declining against sterling and the Swiss franc. The Bundesbank did not intervene when the dollar fell to DM 2.3534 from DM 2.3675 at the fixing. In the late afternoon the U.S. currency improved to DM 2.3570, but U.S. interest rates continued to ease, with the Federal funds overnight rate falling to 16¾ per cent from 19½ per cent in early New York trading. Sterling rose to DM 4.7140 from DM 4.6950 at the fixing, and showed little change in the afternoon.

FRENCH FRANC—Steadier within the EMS, having been very weak after the Socialist victory in the Presidential and General election. It is supported by high interest rates but continues to fluctuate in line with the level of U.S. rates—The franc improved slightly against the dollar at the Paris fixing, but lost ground to other major currencies following news of a sharp increase in France's first quarter current account payments deficit to FFr 13.130bn from FFr 8.107bn in the last quarter of 1980. The dollar eased to FFr 5.6660 from FFr 5.6680 at the fixing, and fell to FFr 5.6550 by late afternoon. On the other hand sterling rose to FFr 11.3280 from FFr 11.2490 at the fixing, but eased slightly to FFr 11.3190 in the afternoon. Within the EMS the D-mark rose to FFr 2.3998 from FFr 2.3950 at the fixing, the Dutch guilder to FFr 2.1565 from FFr 2.1508, the Belgian franc to FFr 14.6610 per 100 francs from FFr 14.6195, and the Italian lira to FFr 4.8170 per 100 francs from FFr 4.8000.

THE DOLLAR SPOT AND FORWARD

June 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9960-2.0110	1.9985-1.9995	1.05-1.15c dis	−6.61	2.80-2.90dis	−5.71
Ireland†	1.5510-1.5560	1.5510-1.5530	0.45-0.55c dis	−3.86	1.05-1.20dis	−2.89
Canada	1.1988-1.2031	1.1990-1.1993	0.08-0.13c dis	−1.05	0.18-0.23dis	−0.68
Nethlnd.	2.6100-2.6190	2.6115-2.6130	1.55-1.45c pm	6.87	4.12-4.02 pm	6.22
Belgium	38.46-38.64	38.50-38.52	15½-13c pm	4.44	30-25 pm	2.85
Denmark	7.3700-7.4000	7.3740-7.3765	0.75-0.50ore pm	1.02	1.10-0.60 pm	0.46
W. Ger.	2.3480-2.3640	2.3555-2.3565	1.26-1.20pf pm	6.26	3.26-3.20 pm	5.48
Portugal	62.40-62.65	62.40-62.60	par-30c dis	−2.88	par-80 dis	−2.56
Spain	93.65-93.99	93.80-93.90	10-20c dis	−1.92	50-70 dis	−2.56
Italy	1,172.40-1,176	1,175-1,176	8-10 lire dis	−9.21	22-26 dis	−8.35
Norway	5.8880-5.9050	5.9000-5.9020	3.15-2.65ore pm	5.90	7.75-7.25 pm	5.09
France	5.6300-5.6950	5.6600-5.6650	2.00-3.00c dis	−5.31	6.00-7.00dis	−4.60
Sweden	5.0010-5.0150	5.0050-5.0075	1.45-1.25ore pm	3.24	3.90-3.70 pm	3.04
Japan	221.25-222.00	221.70-221.80	2.35-2.20y pm	12.31	5.70-5.55 pm	10.15
Austria	16.59-16.67	16.66-16.67	10.00-8.50gro pm	6.68	26.00-21.00pm	5.65
Switz.	2.0250-2.0450	2.0320-2.0330	1.62-1.52c pm	9.27	4.03-3.93 pm	7.83

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

June 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9960-2.0110	1.9985-1.9995	1.05-1.15c dis	−6.61	2.80-2.90dis	−5.71
Canada	2.3940-2.4060	2.3955-2.3965	1.45-1.55c dis	−7.51	3.85-4.00dis	−6.55
Nethlnd.	5.22-5.26	5.23-5.24	¼c pm-¼ dis	—	1½-½ pm	0.48
Belgium	76.90-77.30	76.95-77.05	15-25c dis	−3.12	57-67 dis	−3.22
Denmark	14.75-14.81	14.75¾-14.76¾	6½-7½ore dis	−5.64	18½-20¼ dis	−5.25
Ireland	1.2870-1.2920	1.2875-1.2880	0.27-0.40p dis	−3.12	0.82-1.00dis	−2.83
W. Ger.	4.70-4.73	4.70¾-4.71¾	¼pf pm-¼ dis	−0.32	¼ pm-¼ dis	0.11
Portugal	124.75-125.50	124.90-125.10	70-140c dis	−10.08	180-355 dis	−8.56
Spain	186.30-188.30	187.50-187.70	125-155c dis	−8.96	356-400 dis	−8.05
Italy	2,345-2,356	2,346½-2,348½	28¾-30¾ lire dis	−15.21	83½-86½ dis	−14.48
Norway	11.78-11.83	11.80-11.81	¼ore pm-1 dis	−0.38	1⅞-3¼ dis	−0.87
France	11.28-11.50	11.31-11.32	10½-11½c dis	−11.67	27-28½ dis	−9.81
Sweden	10.00-10.0650	10.01-10.02	2⅝-3½ore dis	−3.67	6½-7½ dis	−2.80
Japan	440-447	443-444	2½-1⅞y pm	5.07	5⅛-4⅞ pm	4.52
Austria	33.15-33.35	33.18-33.28	2gro pm-3 dis	−0.03	4 pm-6 dis	−0.06
Switz.	4.05-4.10	4.06-4.07	1½-¼c pm	2.58	2¼-1¼ pm	1.97

Belgian rate is for convertible francs. Financial franc 78.35-78.45. Six-month forward dollar 3.80-3.90c dis, 12-month 6.00-5.20c dis.

CURRENCY MOVEMENTS

June 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	96.1	−28.8
U.S. dollar	107.6	+1.4
Canadian dollar	87.7	−17.3
Austrian schilling	112.0	+21.0
Belgian franc	105.7	+9.1
Danish kroner	86.5	−11.6
Deutsche mark	117.2	+38.8
Swiss franc	137.2	+83.1
Guilder	109.0	+14.1
French franc	82.0	−12.5
Lira	57.7	−58.7
Yen	144.0	+38.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.583668	0.637995
U.S. $	14	1.15862	1.26927
Canadian $	19.07	1.39243	1.28654
Austria Sch.	6¾	19.3710	17.8674
Belgian F.	13	44.8936	41.3645
Danish K.	11	8.61897	7.94464
D mark	7½	2.74303	2.52967
Guilder	9	3.05238	2.81399
French Fr.	9½	6.56706	6.05151
Lira	19	1367.46	1262.00
Yen	6¼	257.619	237.751
Norwgn. Kr.	9	6.84107	6.31776
Spanish Pts.	8	109.208	100.832
Swedish Kr.	12	5.83076	5.37541
Swiss Fr.	5	2.38328	2.19766
Greek Dr'ch.	20½	—	61.8410

OTHER CURRENCIES

June 23	£	$		£ Note Rates
Argentina Peso	8858-8878†	4430-4440†	Austria	35.00-35.30
Australia Dollar	1.7365-1.7405	0.8690-0.8694	Belgium	78.10-78.90
Brazil Cruzeiro	178.56-179.56	89.23-89.65	Denmark	14.68-14.83
Finland Markka	8.8054-8.8160	4.3985-4.4005	France	11.23-11.33
Greek Drachma	115.261-116.158	57.40-57.60	Germany	4.70-4.74
Hong Kong Dollar	10.98-11.00	5.4900-5.4950	Italy	2300-2348
Iran Rial	157.50*	79.25*	Japan	444-450
Kuwait Dinar(KD)	0.558-0.564	0.28045-0.28075	Netherlands	5.21-5.24
Luxembourg Frc.	76.95-77.05	38.50-38.52	Norway	11.70-11.82
Malaysia Dollar	4.6250-4.6350	2.3085-2.3105	Portugal	121-126
New Zealand Dlr	2.3125-2.3175	1.1557-1.1580	Spain	181¼-191½
Saudi Arab. Riyal	6.79-6.85	3.4085-3.4115	Sweden	9.95-10.05
Singapore Dollar	4.2600-4.2700	2.1295-2.1315	Switzerland	4.07-4.11
Sth African Rand	1.7311-1.7325	0.8660-0.8667	United States	1.99¼-2.00¼
U.A.E. Dirham	7.31-7.37	3.6720-3.6740	Yugoslavia	72-83

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,851-11,871, and for the dollar 5,900-5,950.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4018	+1.48	+1.42	±1.5361
Danish Krone	7.91917	7.94679	+0.35	+0.29	±1.6413
German D-Mark	2.54502	2.53023	−0.58	−0.64	±1.1386
French Franc	5.99526	6.06816	+1.22	+1.16	±1.3638
Dutch Guilder	2.81318	2.81393	+0.03	−0.03	±1.5159
Irish Punt	0.685145	0.692214	+1.03	+0.97	±1.6688
Italian Lira	1262.92	1260.29	−0.21	−0.21	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.999	4.713	443.5	11.32	4.065	5.235	2348.	2.396	77.00
U.S. Dollar	0.500	1.	2.357	221.9	5.660	2.034	2.619	1174.	1.199	38.52
Deutschemark	0.212	0.424	1.	94.11	2.401	0.863	1.111	498.8	0.508	16.34
Japanese Yen 1,000	2.255	4.507	10.63	1000.	25.51	9.166	11.80	5293.	5.402	173.6
French Franc 10	0.884	1.767	4.165	392.0	10.	3.593	4.627	2075.	2.118	68.05
Swiss Franc	0.246	0.492	1.159	109.1	2.784	1.	1.288	577.5	0.589	18.94
Dutch Guilder	0.191	0.382	0.900	84.72	2.161	0.777	1.	448.4	0.458	14.71
Italian Lira 1,000	0.426	0.852	2.007	188.9	4.820	1.732	2.230	1000.	1.021	32.80
Canadian Dollar	0.417	0.834	1.967	185.1	4.722	1.697	2.185	979.8	1.	32.14
Belgian Franc 100	1.299	2.596	6.120	576.0	14.69	5.279	6.799	3049.	3.112	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 23)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 5/16	bid 17 1/8	offer 17 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	10⅝-10⅞	18-18¼	18½-19½	11¾-12¼	1-1⅛	11⅜-11½	20-22	20-25	10-12	7¼-7½
7 days' notice	11⅛-11¾	18-18¼	18½-19½	11 15/16-12	18-19	11½-11¾	20-22	25½-31½	12-14	7¼-7⅛
Month	11⅞-12	18⅛-18⅝	19⅛-19½	11 1/16-11 3/16	9 3/16-9 5/16	12 3/16-12 5/16	21-22¼	26-28	14⅛-15⅛	7½-7⅝
Three months	11 15/16-12	17⅞-18⅛	18⅞-19¼	11⅝-11⅞	9 15/16-10 1/16	12 5/16-12 7/16	21-22½	26⅝-27⅞	15⅛-16	7 7/16-7 9/16
Six months	13-13⅛	16 15/16-17 1/16	18⅛-18½	11 11/16-11 13/16	9⅞-10	12 7/16-12 9/16	20¼-21¼	24⅞-25⅞	15⅝-16⅛	7 11/16-8⅛
One Year	13¼-13½	16⅛-16⅜	17-17⅜	11¾-11⅞	8⅞-9	12⅛-12¼	11¾-19¾	24-25	15¼-15⅝	8⅛-8⅜

SDR linked deposits: one-month 15⅜-15½ per cent; three-months 15 5/16-15 7/16 per cent; six-months 14⅝-15 per cent; one-year 14½-14⅝ per cent.
ECU linked deposits: one-month 14 13/16-15 3/16 per cent; three-months 14 15/16-15 5/16 per cent; six-months 14 13/16-15 3/16 per cent; one-year 14 11/16-15 1/16 per cent.
Asian $ (closing rates in Singapore): one-month 18⅜-18½ per cent; three-months 18 5/16-18 7/16 per cent; six-months 16⅞-17 per cent; one-year 16 3/16-16 7/16 per cent.
Long-term Eurodollar two-years 15⅛-15⅜ per cent; three-years 15¼-15½ per cent; four-years 15⅛-15⅜ per cent; five-years 15-15¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.75-17.85 per cent; three-months 17.00-17.10 per cent; six-months 16.25-16.35 per cent; one-year 15.80-15.90 per cent.

INTERNATIONAL MONEY MARKET

European rates ease

European rates showed little overall change yesterday. In *Paris interbank money rates* were unaffected by the inclusion of some Communist ministers in the new French Cabinet. Call money remained at 20 per cent, with one-month money at 19-19¼ per cent and three-month at 18¾-18⅞ per cent.

In Amsterdam the Dutch central bank announced a further special advances facility to replace the Fl 1.47bn 11½ per cent tranche maturing today. The new facility is at a rate of 11½ per cent and runs from June 25 to July 8. Subscriptions will take place this morning.

In Frankfurt call money was quoted at 11.80-12.00 per cent, unchanged from Monday while longer-term rates up to one year were also unchanged.

In Rome the Bank of Italy accepted a maximum rate of 19.74 per cent on L239bn of reverse repurchase orders. These will mature between August 5 and August 7, involving three-year Treasury certificates. The previous fund draining operation on June 19 attracted a maximum rate of 19.50 per cent and an average rate of 19.14 per cent. The latest agreement has an average rate of 19.55 per cent.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Day to day credit was in adequate supply in the London money market yesterday and the authorities did not intervene. The market was faced with a small number of commercial bills maturing in official hands but this was countered by a very large excess of Government disbursements over revenue transfers to the Exchequer. Discount houses paid up to 11½ per cent for secured call loans however, and it was only late in the day when rates fell to around 8 per cent.

In the interbank market overnight loans opened at 11¼-11½ per cent and eased to 10¾-11 per cent before coming back to 11-11½ per cent. During the afternoon rates eased to 7-7½ per cent with late balances taken up to 10 per cent.

GOLD

Slight rise

Gold rose $3 to $464-467 in the London bullion market yesterday. It opened at $463½-466½ and was fixed at $465.00 in the morning and $466.50 in the afternoon. The metal touched a best level of $466¾-467¾ on some buying interest as a result of the lower trend in U.S. interest rates and the decline of the dollar, but trading was quiet.

In Paris the 12½ kilo gold bar was fixed at FFr 93,000 per kilo ($510.52 per ounce) in the afternoon, compared with FFr 91,500 ($504.04) in the morning, and FFr 91,200 ($500.46) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,240 per kilo ($466.01 per ounce), against DM 35,060 ($460.63) previously, and closed at $466-468, compared with $461-463.

In Zurich gold finished at $465-468, against $461-464.

	June 23		June 22	
Gold Bullion (fine ounce)				
Close	$464-467	(£232-234½)	$461-464	(£232½-234)
Opening	$463½-466½	(£231-232½)	$462-465	(£232-233½)
Morning fixing	$465	(£233.210)	$462	(£232.746)
Afternoon fixing	$466.50	(£232.587)	$462	(£233.121)
Gold Coins				
Krugerrand	$478-479	(£239-240½)	$476½-477½	(£240¼-240¾)
1/2 Krugerrand	$246½-247½	(£123⅛-123⅞)	$245¾-246¾	(£124-124½)
1/4 Krugerrand	$125½-126½	(£62¾-63¼)	$125¼-126¼	(£63¼-63¾)
1/10 Krugerrand	$51½-52½	(£25¾-26¼)	$51-52	(£25¾-26¼)
Mapleleaf	$469-472	(£243⅝-236⅛)	$467½-470½	(£235¾-237¼)
New Sovereigns	$116¼-117	(£58¼-58¾)	$116-116¾	(£58½-59)
King Sovereigns	$127-129	(£63½-64½)	$127-129	(£64-65)
Victoria Sovs	$127-129	(£63½-64½)	$127-129	(£64-65)
French 20s	$122-128	(£61-64)	$122-127	(£61½-64)
50 pesos Mexico	$575-579	(£287¾-289¾)	$575-579	(£290-292)
100 Cor. Austria	$452-456	(£226⅛-228⅛)	$452-455	(£227¾-229¼)
$20 Eagles	$585-590	(£292¾-295¼)	$580-585	(£292½-295)

MONEY RATES

NEW YORK	
Prime Rate	20
Fed. Fund	16¼-16½
Treasury Bills (13-week)	14.28
Treasury Bills (26-week)	13.79
GERMANY	
Special Lombard	12.00
Overnight Rate	11.90
One month	12.625
Three months	12.925
Six months	12.925
FRANCE	
Intervention Rate	22
Overnight Rate	20
One month	19.125
Three months	18.25
Six months	17.25
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.0625
Bill Discount (three-month)	7.53125

LONDON MONEY RATES

June 23 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-11½	11¼	—	—	10¾	8-11¼	—	—	—
2 days notice	—	—	11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-11½	11⅝	—	11⅝	11¾	11-11¼	—	—	—
One month	11⅞-11¾	11¾-12	11¾-11⅞	13-12⅝	12¼	12⅛	11½	11⅝	11⅝-11¾	12⅛
Two months	12 1/16-12¼	12¼-12 5/16	—	13⅛-12¾	12⅝	12¾	11¾-12	12	11 15/16	12⅛
Three months	12 5/16-12⅝	12 5/16-12 7/16	12½-12⅝	13⅛-12¾	12½	12⅞	12-12⅛	11 15/16	12	12⅛
Six months	12 9/16-12 11/16	12¾-12⅞	12⅝-12¾	12¾-12½	13	13⅛	—	—	12-12 1/16	12⅝
Nine months	12⅞-12¾	12 13/16-13¼	—	13⅛-13⅛	13⅜	13⅜	—	—	—	—
One year	13 1/16-12 15/16	13-13⅜	13¼-13⅜	13⅜-13⅛	13⅛	13½	—	—	—	—
Two years	—	—	13⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅜-13⅞ per cent; four-years 13⅞-14¼ per cent; five-years 14-14½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12-12 1/16 per cent; four-months trade bills 12⅝ per cent.

Approximate selling rate for one-month Treasury bills 11⅝ per cent; two-months 11⅞ per cent; three-months 11 13/16 per cent. Approximate selling rate for one-month bills 11⅝-11 19/32 per cent; two-months 11 27/32-11⅞ per cent; three-months 11⅞-11 29/32 per cent, one-month trade bills 11⅞ per cent; two-months 12⅛ per cent and three-months 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9652 per cent.

هكذا من الأصل

Firm early Wall St showing

A FIRMER tendency prevailed on Wall Street in active early dealings yesterday, as the market started to regard the May consumer price figures, announced that morning, in a positive light.

The Dow Jones Industrial Average improved 4.18 to 998.38 at 1 p.m., while the NYSE All Common Index put on 23 cents to $76.82, although advances led declines by only a seven-to-six margin. Turnover increased to 35.36m shares from Monday's 1 p.m. figure of 30.15m.

The gain in prices of 0.7 per cent was in line with market expectations, which had put the increase between 0.6 and 0.8 per cent. However, four-fifths of the May rise was due to higher housing costs, and without those numbers the increase is negligible, analysts said.

The market was also buoyed by a decline in the Federal Funds rate, a key interest rate, to around 16 per cent. Fed Funds, the loans banks make to each other, were over 20 per cent last week, and investors regard yesterday's fall as a sign that interest rates may start to ease.

Michael Metz, of Oppenheimer and Company, said the market is also being affected by "window dressing," whereby portfolio managers try to correct their positions in certain stocks before the end of the fiscal quarter. He said several of the Oil stocks are benefiting from this trend.

In the Oils group, **Zapata** rose ⅛ to $25⅞, **Pennzoil** 1⅛ to $41⅞, **Atlantic Richfield** ¼ to $45⅜ and **Shell Oil** ⅜ to $42⅛, while Texasgulf climbed 3⅜ to $36¼.

THE AMERICAN SE Market Value Index gained 1.26 to 372.86 at 1 p.m. Volume 3.51m shares (3.67m).

Canada

Markets in Canada were also inclined to pick up yesterday morning in active dealings. The Toronto Composite index was 16.1 stronger at 2,354.3 at mid-day. Metals and Minerals put on 53.7 to 2,362.3 and Oil and Gas 34.0 to 5,005.9, but Golds slipped 4.5 to 3,894.3.

Closing prices for North America were not available for this edition.

Tokyo

The market recovered most of the ground lost on Monday. However, trading remained thin and nervous, with operators still worried about the possibility of trading curbs in margin transactions and high U.S. interest rates.

The Nikkei-Dow Jones Average, which receded 45.71 on Monday from Friday's all-time high, recouped 36.55 at 7,705.41. The Tokyo SE index regained 3.04 at 576.56, while rises outscored falls on the First Market section by 340 to 288 after volume of 250m shares (230m).

Popular issues such as Light Electricals, Precision Instruments, Shipbuildings and Heavy Electric Machines improved, but market sources said buying attention was focused more on recently easier Pharmaceutical and Machinery issues. Pharmaceuticals had been easier because of a considerable cut in the prices of drugs handled under the Government's welfare programme and Machineries because of reports that their inventories were increasing.

Takeda Pharmaceutical advanced Y40 to Y890, **Tanabe Pharmaceutical** Y47 to Y650, **Okuma Machinery** Y62 to Y923, **Hitachi Seiki** Y31 to Y571, **Amada** Y40 to Y910, **Fujitsu** Y19 to Y709, **Oki Electric** Y16 to Y451 and **Nippon Electric** Y10 to Y820. **Fuji Photo** rose Y60 to Y1,660. **Canon** Y30 to Y1,490, **Pioneer Electronic** Y60 to Y3,700. **TDK Electronics** Y60 to Y5,260. **Hitachi** Y8 to Y685 and **Ishikawajima-Harima Heavy** Y9 to Y217.

Germany

Foreign and domestic buyers pushed the market further ahead, with the Commerzbank index putting on 6.8 to a new 1981 high of 742.9.

Motors stood out strongly, **BMW** rising DM 7, **Mercedes** DM 5.20, **Daimler** DM 5.50 and **Volkswagen** DM 3.40. **BASF** added DM 2.50 more in Chemicals.

Dresdner Bank and Commerzbank, both weakened earlier in the year by dividend cuts, continued to advance, recording gains of DM 3 apiece.

Paris

Bourse prices generally showed some recovery in quiet trading yesterday at the start of the new accounting month.

However, caution ahead of the naming of the new French Government, which is expected to include some Communist ministers, kept many operators out of the market.

The Indicateur de Tendance Index rallied 1.3 to 84.0, while gains outnumbered declines in the French section by 138 to 39.

Traders said part of the buying reflected the fact that Tuesday was the first day of the new monthly trading account. Insurance companies and specialised Mutual Funds were conspicuous buyers, they reported. However, dealers noted that there was also demand for tax-deductible Monory shares.

Buying interest focused on Stores, Electricals and Oils, while some weakness was observed among Portfolios, Foods and Motors.

In Electricals, **CIT-Alcatel** rose FFr 16 to FFr 716 despite announcing lower 1980 group profits.

Hong Kong

Stock prices rebounded yesterday after falling in the past week, but many brokers were not encouraged enough by the upswing to declare an end to the consolidation phase.

The Hang Seng index surged to end the morning session 39.19 stronger at 1,716.55, climbing above the 1,700 level again. However, shares struggled through another wave of profit-taking later to leave the index with a net improvement of 29.59 at 1,706.95, compared with the all-time peak of 1,780.55 set on June 12 this year. Combined turnover slipped to HK$616.84m from Monday's HK$655.6m on the four stock exchanges.

Several brokers attributed the improvement to short-covering. They added that there still wasn't evidence of the strong overseas buying that had helped drive the market to a record high about two weeks ago. "It wasn't a convincing turnround," commented a broker, who predicted more fluctuations near the current level for the next few days.

Singapore

Solid gains posted by a handful of first-line Industrials featured a mainly firmer market yesterday, with sentiment partially influenced by the higher Hong Kong market. The Straits Times Industrial index climbed 6.65 to set another record high of 959.11.

Guthrie, target of a take-over bid by Multipurpose Holdings, rose 20 cents to S$5.65.

Australia

The Mining and Oil sectors remained easier-inclined on lack of buying interest, while Industrials showed no decided trend.

Market leader **BHP** declined 20 cents to A$14.70, while **Woodside Petroleum** receded 8 cents to A$2.06 and **Consolidated Goldfields** 30 cents to A$6.40.

However, **ANZ** was traded heeavily in a mixed Banking sector and closed 4 cents higher at A$5.30. Retailers remained firm.

Johannesburg

Gold shares closed mixed to easier after very quiet trading despite the firmer Bullion price, owing to the stronger financial rand, currently quoted at around 86.50 U.S. cents. **Randfontein** shed R2.50 to R53.50.

Leslie Colitt, in Berlin, reports on life in East Germany

Where 'trust is fine but control is better'

"IF THE Polish Communists don't watch out they will turn into Social Democrats," a worried East German Communist official said in a conversation with a westerner.

An even more dire vision is being evoked by some East German party members who warn that if the Polish Communist Party is radically altered it will encourage the West Germans to "demand the reunification of Germany."

Most East Germans are worried about Poland — although a reunified Germany, much as it might be desired, is seen as irretrievable. Rather, East Germans are afraid their own situation will worsen as the result of the sweeping changes taking place in Poland.

East Germans are convinced that the more Polish society is transformed the more repressive the East German leadership will become out of fear that the Polish virus will spread westward across the Oder-Neisse border. Not for a moment do East Germans dream that reforms in Poland might cause their own Communist Party to relax its dogmatic rule. They are reinforced in this conviction by the presence of 380,000 Soviet troops on their territory. As one East German writer notes: "Our leaders can lip read Brezhnev's wishes."

As East Germans see no hope their own situation will change there is an element of *schadenfreude* they feel toward the Poles. Why should they have it better, the East Germans think? This attitude is not purely East German as it is also widespread among Czechoslovaks who were robbed of their own "socialism with a human face" in 1968.

Most East Germans see the worsening economic plight of Poland as a threat to their own standard of living. East German loans and supplies of food to Poland have reinforced the belief among East Germans that they are being forced to pay for Poland's economic follies.

The East Germans are already being exhorted by their party leadership and the official trade union to exceed, as never before, the annual plan targets. Herr Erich Honecker, the party leader and president, says in virtually every speech that only if citizens markedly increase output, improve work discipline, raise productivity and the quality of their products will they be able to live better by 1985, the end of the current five-year plan.

"We cannot consume more than we produce," Herr Honecker repeats, a homily which might have come from West Germany's leader, Herr Helmut Schmidt.

Although the typical East German has not read the voluminous five-year plan setting an ambitious target of 28-30 per cent growth in industrial production and a 20-22 per cent rise in incomes, the message has got through to him. A great deal more is being required of him than in the past five years to achieve the same rise in income.

One incentive to obtain greater productivity is home ownership, something frowned on in the past. Now low interest loans are given to hard working and politically loyal citizens who want to build their own home or summer cottage. State loans of up to EM 100,000 (£21,300) for homes assures the builder of getting construction materials which are otherwise obtainable only on the black market. The prospective home owner contributes labour equal to 10 per cent of the value of the house or he can pay EM 10,000 in lieu of these efforts. The property remains state-owned with the owner paying an annual property tax of some six pfennigs per sq metre.

"*Klein aber mein* (small but mine) with a fence around it," noted one East German official, is the philosophy of many East Germans. They may be found on weekends at their summer cottages tending manicured gardens and retreating into the intensively private life that is more typical of East Germany than its mass rallies and shrill propaganda.

The East German leadership has said that despite economic pressures it will not depart from its long-standing policy of low prices for basic foods, transport, rents and services. This year's state subsidies to keep low prices for the essentials rose a full 20 per cent to EM 19.8bn. The population, far from regarding subsidised prices as an incentive to improve productivity, takes them for granted. The effect of the subsidies on the economy is to distort costs and to prevent the Government from reducing private waste of food, materials and energy.

East Germans, who pay extremely low electricity and gas bills, are not concerned about turning off unneeded lights and are known quickly to warm up their oven-heated apartments with their kitchen stoves turned up full blast. Radiators in centrally-heated apartments and offices cannot be regulated so that windows are left ajar to adjust the temperature. Cheap bread is thrown away when not entirely fresh and inexpensive meat and sausage are brought by the kilo and often go to waste.

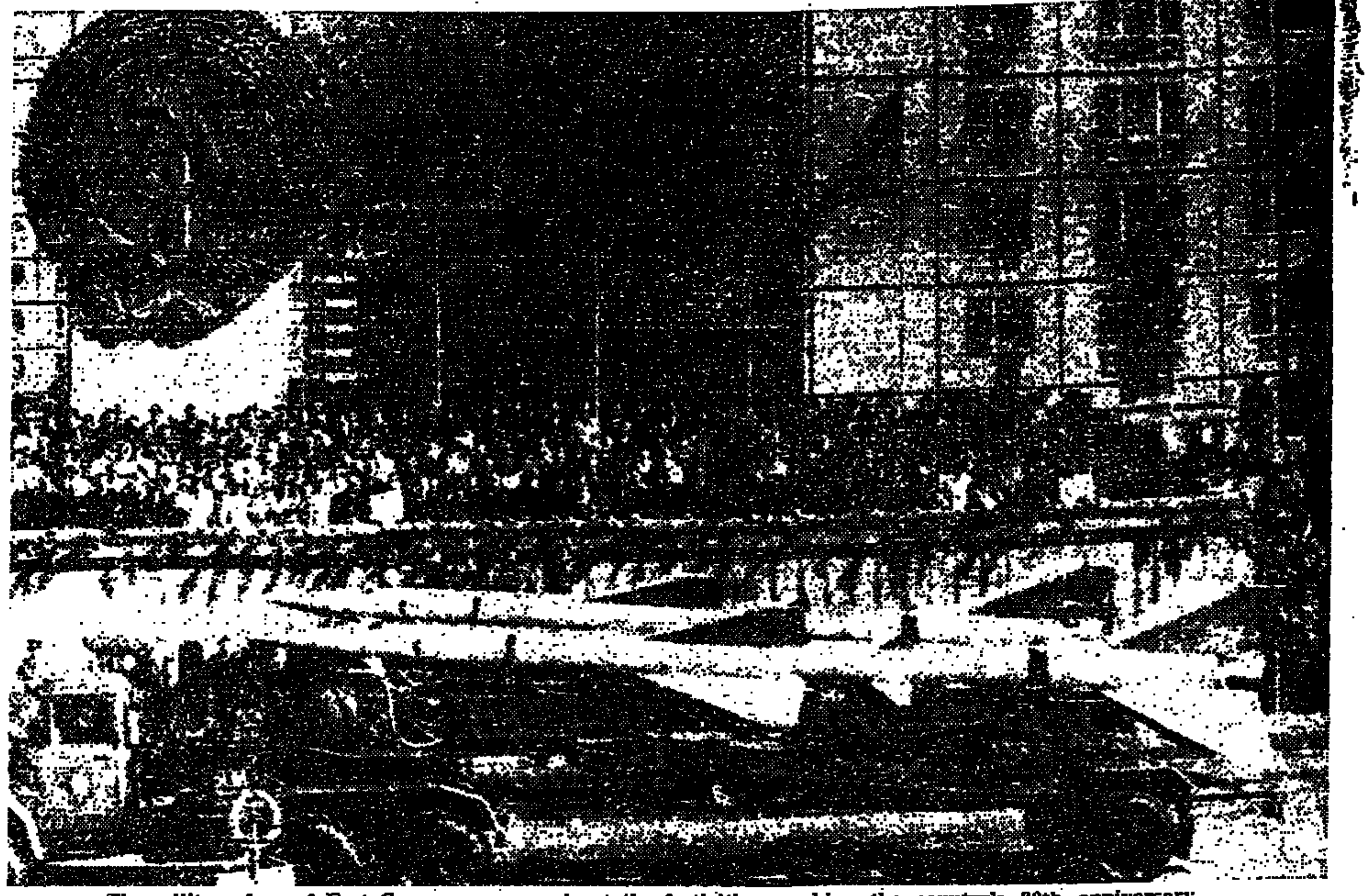
The Government, on the other hand, is reverting to methods used during World War II in order to cut back on imports of energy and raw materials. Benzol is again to be produced by gasification of lignite (brown coal), the production of which is to be raised despite the severe pollution it creates and the sacrificing of farm land and entire towns for strip lignite mining. Paper is so scarce that only elderly East Germans still remember what a paper bag looks like, or a paper napkin in a restaurant.

Vast quantities of paper are used to print pamphlets, newspapers and books of turgid propaganda which cannot even be given away. Popular books on the other hand are seldom available.

Western printed materials are automatically confiscated by the East German postal service and visiting westerners must declare their newspapers or any other publications to East German customs at the border. At the same time East Germans can tune in to as many as three West German TV channels in full colour providing more information and news than the average westerner would care to absorb. East Germans however take it all in and are incredibly well informed about life beyond their borders.

One of the many legacies of the Prussian era is that East Germany does not have the widespread corruption of political and economic life found in Poland. East Germans do grumble about "off limits" party beaches at the Baltic Sea and Politburo housing estates surrounded by high fences and guarded by soldiers.

The morals of the East German Communist Party are those of the Workers Education Society of Germany in the late 19th century. Much as East Germany prides itself on having eliminated Prussian officialdom, it is governed by similarly rigid apostles of regulation. Another heritage of Prussia is that disciplined East Germans have succeeded in making Soviet-type socialism work far better than it does in the Soviet Union. Perhaps this is not so surprising: the West Germans have succeeded in making capitalism work better than most other western countries.



The military face of East Germany on parade at the festivities marking the country's 30th anniversary.

By Comecon standards, East German economic management is efficient while workers' productivity is high, though on average, one-third below that in West Germany. East Germans earn the highest wages and live better than anyone else in the Communist world.

Despite the relatively good relationship between East German workers and their superiors, including Communist Party officials, the latter act according to the German proverb: "Trust is fine but control is better."

At a recent interview in an East German factory I sat opposite the official in charge of "socialist competition"—which means boosting labour productivity—the head of the press department and a young woman worker. During an hour of conversation the young woman said nothing although she had been selected as one of the best workers in the plant. When I asked her whether she had any problems as a working mother with a baby she replied the stores were too full and there were constant queues to get what one wanted.

The press official immediately cut in and noted: "Yes, this is sometimes a problem," which silenced the young worker. When I asked her what she thought about the situation in Poland she replied that both East Germany and Poland are in Comecon and that their plans are linked. She was unable to finish the thought however as the press official interjected with "We are helping them."

Finally the young woman screwed up her courage and said: "As was noted at the last plenary session of the Socialist Unity Party, the PUWP (Polish United Workers Party) is attempting to regain control of the situation but there were signs of disillusionment within the party."

It was straight out of the Communist Party newspaper Neues Deutschland and the press official beamed with pleasure over the young worker's performance.

Unfortunately this detracted from some of her other remarks. She spoke of the child care centre for her baby which is free of charge and of her holidays—10 days in Thuringia during the winter for 35 marks subsidised by the state trade union and 10 days in the summer at the Baltic. And she noted she had visited the Soviet Union for 100 marks and had been to Prague with her work brigade as an award for their efforts.

Few countries have such a negative image in the West, or for that matter in eastern Europe, as East Germany and one grasps for signs that things have improved, that the situation is increasingly normal and not abnormal.

East German boys and girls wear sweat shirts from the West with Princeton University and UCLA on them which, 20 years ago when the wall was built, would have caused the wearer and his parents to be accused of "anti-state agitation."

The border guards at Check Point Charlie in Berlin banter with western businessmen and other regular visitors in a manner unthinkable back in the days when a grim expression belonged to the defence of the "anti-Fascist defence wall."

Is the Government gradually placing more trust in its citizens which could lead to more freedom? The answer is perhaps revealed at an art exhibit in a small room of Johann Sebastian Bach's Thomas Church in Leipzig. One painting by the Schwerin artist Joachim Steinmann shows a dripping red blob where Berlin would normally be on a map of Germany. Another painting entitled Christ on the Mount of Olives shows a man on his knees and off to one side sleeping citizens with a sand clock over them. In the background is the wall patrolled by armed border guards.

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FINANCIAL TIMES SURVEY

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California Banking

The California banking market, largest and richest in the U.S., has attracted new entrants from all over the world. But it has not escaped the painful impact of record high U.S. rates, and earnings at many banks are sharply down. However, the long-term prospects remain among the country's most attractive, as David Lascelles, New York Correspondent, reports

'The best banking market in the world'

"IT'S NOT just the best banking market in the U.S., it's the best in the world," said a California banking executive with a confident gleam in his eye. And well he might.

Sitting atop his bank's sumptuous skyscraper headquarters in downtown Los Angeles overlooking some of the choicest pieces of real estate in the U.S. (also in the world, probably), he could afford to feel a certain satisfaction in the fact that his bank had its roots in that market, and a good share of it too.

With a GNP the size of France's, but double the per capita wealth, and just about everything else going for it that you could imagine, California is a banker's dream. People are rich, industry is new, fast-growing and thirsty for capital, the regulations are minimal (by U.S. standards), and barring earthquakes the future looks bright and rosy. Flourishing trade on the Pacific rim *is an* added appeal.

California's banks have themselves grown big and rich in that market of 23m. Five of the U.S. top 15 banks are Californian. Bank of America, based in San Francisco, is the biggest bank in the U.S.; and its profits are consistently superior to those of its nearest rival, *Citicorp, which is based* in New York and has to do daily battle with that state's tough banking laws and taxes, its archaic industrial structure and its crushing costs.

Small wonder that Citicorp, along with a host of other U.S. and foreign banks, is doing its best to break in, even to the extent of trying to persuade *the state legislature to change* the law to make it possible.

"The level of optimism in California is always several degrees higher than in New York," commented Mr Peter Eichler, President of Bateman Eichler Hill Richards, one of California's leading investment firms.

Perhaps the best sign yet of the allure of the California banking market was the decision by Midland bank of the UK exactly a year ago to spend more than $800m to buy its way in.

Significantly, this is to be Midland's entree into the U.S. not its expansion from traditional territory on the East Coast—New York. Midland will give New York a miss and go straight for a controlling interest in Crocker National Bank, the fourth largest bank in California.

Midland *is* not the first *foreign bank to succumb to* California's appeal; the process of foreign acquisition began in earnest nearly ten years ago. But this is by far the biggest deal of its kind.

The fact that Midland decided to buy part of a big bank rather than the whole of a smaller one also sets a new pattern. It broadens the potential *acquisition net to include* other large California banks such as Wells Fargo and Security Pacific, with assets of $23bn and $28bn respectively. (Both of them say they have not received any offers yet, but would consider any good ones.)

Foothold

With a number of large German, *Swiss and other European* banks still without a major foothold in the U.S. market, the possibilities seem far from exhausted and speculation, needless to say, is rife.

But with six of California's 10 largest banks now either totally or substantially under foreign control, the danger of a political backlash should be considered. Fortunately for Midland, its deal got forgotten amid last year's presidential election and the debate over the Reagan budget that followed.

There are fears though among the foreign banking community in San Francisco that another giant deal like that could provoke some form of political reaction, like the moratorium on foreign bank takeovers that Congress imposed last year.

Appealing and lucrative though it may be, the California banking market has its ups and downs, and just now things are more down than up.

Most of the state's major banks have reported flat or even declining earnings in recent quarters, and it seems unlikely that things will improve until well into the second half of this year.

The squeeze can be blamed on a number of things, not all of them to do with the California market. Record high U.S. interest rates have taken their toll on California banks as much as they have on banks elsewhere in the country. So has the deregulation by the federal banking authorities of long-standing ceilings on the amount of interest that banks *can pay on retail deposits: this* has sharply increased the banks' cost of funds.

But a special local feature has been housing finance: all the banks are heavily involved in mortgage lending. But since home loans are fixed rate, their yield has fallen below funding costs and left the banks struggling with a negative spread.

This squeeze has been specially painful for the savings and loan institutions which perform much the same function as the building societies in the UK.

The federal authorities have *responded to the crisis by* allowing mortgage lenders to offer adjustable rate loans.

As this crisis shows, California banks are heavily involved in consumer and retail business—much more so than in other states where tradition or law prevent it.

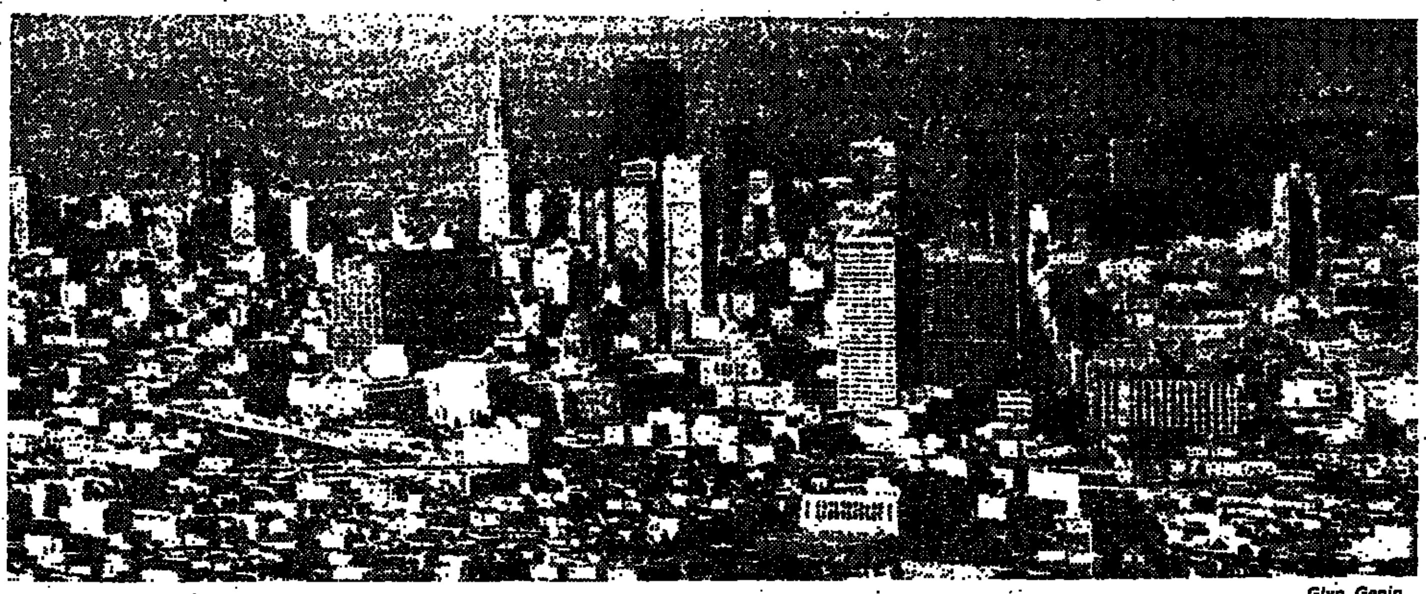
All the major banks have several hundred branches dotted about the state. Bank of America has 1,100 (by contrast Citicorp has a mere 31 in New York). And the numbers grow each week.

This gives California banks a particular character. They all enjoy what they call a "core *deposit base" of cheap savings* which they gather through their branch networks to fund their operations. Although the new high-yielding savings instruments like six-month money market certificates and the money market mutual funds have sucked some of this cheap money away, it is still a big enough base to earn the envy of out-of-state banks who are barred from sharing in it.

By the same token, California banks are heavily involved in consumer lending.

But precisely because of its appeal, California's banking market, is among the most *competitive in the* U.S. Californians have more bank branches per capita than any state in the U.S. And the intensity of competition is bound to increase

Time is therefore of the essence for anyone choosing to enter this market. Lloyd's Bank of the UK, which got in in 1974, paid far less than Midland for its entry ticket. But Midland's price may also be below whoever comes after. Ironically, it may well be the other U.S. banks which get there last and have to pay the most.



Glyn Genin

San Francisco skyline: the enlarging foreign presence is bound to increase the intensity of competition

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Squeeze on earnings as deeper problems emerge

BANK OF AMERICA

BANK OF AMERICA, the biggest bank in the U.S., is based in San Francisco and, just as its massive granite headquarters building towers over the city, the bank dominates the California banking market, where its share is estimated to be 40 per cent.

But BoA is passing through a rough patch. Earlier this year, it announced its first quarterly earnings decline since it started reporting quarterly in 1967, and it is unlikely to get back on track until later this year.

BoA's problems stem largely from its deep involvement in the housing market which, in California, is dominated by fixed rate mortgages. The bulk of BoA's mortgages now yield less than its costs to fund them, and the result has been a severe squeeze on earnings. The de-regulation of savings accounts in the U.S. has also improved the yield to depositors, but made it more expensive for banks to buy that type of money.

BoA compounded its problems by failing to take advantage, like many of its competitors, of a drop in interest rates last year to lock in sizeable sums of low-cost funds. The result is that its average cost of funds is higher than that at other banks.

Many of the bank's present difficulties have partially been blamed on the short-sightedness of Mr Tom Clausen, who was president of the bank for 10 years until he left to run the World Bank earlier this year.

Although Mr Clausen made BoA the most profitable major bank in the U.S., his obsession with near-term results caused him to bequeath deeper problems to his successors, notably Mr Sam Armacost, who has just taken over as president at the comparatively tender age of 42.

Mr Armacost, who is well known in international banking circles through a two-year stint in London as head of BoA's Europe, Middle East and Africa division, recently gave this interview to the Financial Times in San Francisco:

Question: You have taken over at a time when earnings are down and interest rates are at record levels. You also have some balance sheet problems. How do you see it working out?

Answer: The first two are related because they're in part cause and effect. What you are seeing is volatile interest rates and deregulation all at one fell swoop. About $6bn that we used to have in passbook savings accounts and paid 5¼ per cent for have swung over into the interest-sensitive column. We paid on the average last year something over 12 per cent for that money, so we have had to absorb seven percentage points on a transfer of $6bn. You can push that through in reordered pricing and fees and higher loan rates, up to a point. And you can try to be more efficient in terms of delivering services at lower cost—but there are limits to that. Not that we're despondent about it, but these are problems where the market is forcing the pace. We've got our heads down and our strategy is to constrain fixed rate lending, and reorder the balance sheet as interest-sensitive core deposits increase in volume. We will also continue to push very hard to regulators to deregulate the asset side of our balance sheet along with the liability side.

> ‘ Our strategy is to constrain fixed rate lending and re-order the balance sheet as interest-sensitive core deposits increase in volume ’

Q: What about the rising cost of your operations?

A: We're working very hard at productivity. Some of that is catch-up expenditure. If you really believe the world is moving towards less paper—which we do—and that there are more efficient ways to deliver services to corporate or retail customers through electronics—you have to install some expensive systems. We're putting in a significant number of automated teller facilities this year, and we're building management information systems to deal with the kind of customer base our strategy has identified. All that costs money.

But if we don't do it, three to five years from now we'll still be in the same bind that many retail and thrift institutions are in at the moment. We've also had high inflation at home—things like postal expenses. The nature of our operation is also expensive. We run a lot of generally low value accounts, but we're still trying to deliver quality of service and a high level of convenience because that's the name of the game in California.

Q: Your immediate prospects clearly depend on interest rates. What do you see happening there?

A: I've almost given up trying to forecast what will happen. I can't find a forecaster in the country who's been right over a long enough period in the cycle to buy his advice and follow it. He followed our own advice for a while, but we now take a more academic view because trying to interpret what government policy intends as well as the impact it has on the market is an almost impossible task. Our own view as an institution has been that rates will continue to slope down generally. We are not predicting the sawtooth kind of fall we saw with the last drop in rates late last year and earlier this year. We think this fall will be much more gentle—but we could be surprised. Rates will be helped down by the budget cuts and the psychology of the market place: lower spending and therefore lower federal financing.

Q: That sounds like a fairly positive reading of the Reagan programme.

A: I think he is on the right track. It is yet to be proven. We have not seen what the fiscal package is going to look like in its final forum, though.

Q: Do you think Wall Street is being a bit too pessimistic?

A: I think Wall Street is inclined in any event to be cynical. There is a herd psychology, and they have been undone by forecast after forecast. They are in the same state of trauma that our own forecasts are in. The inclination is to become very sour and cynical and look for bad news, and be elated if good news comes along instead.

Q: How do you rate the chances of reform of major banking legislation like the McFadden and Glass-Steagall Acts? [The first bars U.S. banks from opening branches outside their home State. The second restricts them to the business of commercial banking.]

> ‘ If we see a new market that looks productive in the long term, we'll seek whatever way we can into it ’

Sam Armacost, BoA president: working hard at productivity

A: I think they have got to fall. We have got an archaic system built 50 or 60 years ago in an environment that was vastly different from today. I would be happier to see Glass-Steagall go first, to a degree, because it would give us the ability to broaden our product range and compete with the non-regulated institutions. And that is what I am interested in. All removal of McFadden would do is let us extend our territorial reach to do the same things we are doing now.

Q: Would it be fair to say that you have an interest in keeping McFadden because it protects your home market from outsiders?

A: Yes and no to that, I guess. The corporate side, the big wholesale lending side is pretty much deregulated across geographic boundaries. But it's true that when you let down a barrier, if you're sitting there with the biggest market share, there are risks it will be eroded. The question is how much the new market entrants will be prepared to pay to acquire market share, and is it good for their shareholders? We're not going to give up our share easily. The name of the game in interstate banking is accessing new liabilities — not assets which are largely deregulated already through one device or another.

Q: How do you see the mix of your foreign and domestic business? Are you turning back to the domestic market like many East Coast banks?

A: Yes, I think so, because we are already invested in most of the places where we can be. If we see a new market that looks productive in the long term, we'll seek whatever way we can into it. But I think there's no doubt that the international banking equation is one of excesive worldwide liquidity—those big short term liquidity pools sloshing back and forth, driving spreads down to the point where they become uneconomic.

The risks are also growing, not out of proportion. But again it puts pressure on the risk-return relationship. If the risk is growing you ought to get a higher return, not less, and in my mind there's just too many players, so we're going to have to go through a rationalisation process. We intend to be a long-term player. But it says to us: Pick and choose your targets. In terms of both the customer and market segments you want to be involved in. We're through that emotional hurdle now of thinking we have to plant the flag in every financial city of Europe, Asia, Latin America and Africa. We're consolidating some of those combining operations where we think we can cut overhead without affecting our ability to deal with the market place and maintain a good share.

Exploiting a big market advantage

FIRST INTERSTATE BANK

"THE BEST banking franchise in the U.S." is how a leading—and envious—competitor describes First Interstate Bank, the $32bn Los Angeles bank which has been blessed by a combination of luck and foresight with the rare right to open branches in most of the Western U.S. To be precise, FIB has nearly 900 offices in 11 states. Its leading competitor, Bank of America, has 1,100 branches, but they are all in California.

Ironically, both FIB and BoA were founded by the same man, Mr A. P. Giannini. But FIB was founded later, at a time when Mr Giannini foresaw a danger that Congress would enact a ban on interstate banking, which it did with the McFadden Act in 1927. Giannini formed an organisation called Transamerica Corp which, while not itself a bank, was able to buy banks in several states. Many attempts were made by the regulators to curb this anomaly, but they failed, and the Transamerica banking interests were effectively "grandfathered" or allowed to remain as they were.

FIB thus enjoys an enormous market advantage over the rest of the U.S. banking industry, which it is exploiting for all it is worth. The latest step was the adoption earlier this month of the name First Interstate Bank. Before that it was known as Western Bancorp—a holding company owning 21 banks, the main one being United California Bank (UCB).

Each bank in the group is a separate subsidiary subject to its state's banking laws. These can be and frequently are quite different from California's. For decades, they were only loosely co-ordinated by management that did little to exploit the unique possibilities. That changed in the mid-1970s when a top official from Bank of America, Mr Joseph Pinola, took over as president and later as chairman.

Spurred by the growing likelihood that the McFadden Act might be eased, he began two years ago to work on a strategy to pull the group together into a tighter-knit system which—though still consisting of 21 banks—would operate as one. "We realised the time had come to act," he said. "We have something that is unique today, but won't be tomorrow."

The reorganisation, which is now in full swing, is being conducted at two levels. The first is to weld the group together under a single image. Millions of dollars were spent choosing a new name and logo, and then replacing every branch sign and letterhead with the bright new orange symbol.

Integrated

The second, and more arduous, is to arrange the systems so that the group becomes an integrated bank operationally. Customers can already obtain account information and cash cheques throughout the system. But the eventual aim is to allow customers from, say, Arizona, to put a piece of plastic in a slot in Wyoming and draw money from an account in Los Angeles. While commonplace in European countries, such service would be revolutionary in the segmented U.S. market.

But while the individual banks in the group will thus become part of the largest interstate banking system in the U.S., Mr Pinola is anxious that they do not lose their local identities. "We plan to give them freedom to run their affairs, and offer hometown service."

All these developments leave First Interstate with a rather ambivalent view about the need for reform of the McFadden Act. In public, Mr Pinola is a firm believer in interstate banking, for obvious reasons. But it is also evident that his franchise would cease to be unique the moment the laws were changed to allow other banks to do the same. All he can do is make the most of his head start.

Fierce competition for market share

LOCAL BANKS

WITH Bank of America hogging nearly half the California bank market, the rest of the California banking industry must seem mere midgets by comparison. But while it is true that BoA is bigger than the next four banks combined, (FIB, Security Pacific, Wells Fargo and Crocker), the rest of the field feels far from cowed by its giant rival.

In fact, over the years BoA has seen its market share being steadily whittled away by aggressive and faster-growing competitors, some of them multibillion dollar international banks, others tiny local outfits with only a couple of branches.

"The name of the game in California is market share," said Mr Joseph Pinola, chairman of First Interstate Bank, itself one of the most unusual banks on the scene.

Most of the battle for market share takes place in California's highways and byways where banks compete fiercely for retail business through their well-developed branch networks: they are after private bank accounts and the deposits that go with them, a market worth more than $100bn.

At the latest count there were nearly 250 banks in the state with some 2,750 branches.

The ability to raise deposits seems to be tied very closely to the extent of a bank's branch network. BoA, with 40 per cent of the state's branches, appears to have 40 per cent of the deposits. Recognising this, other banks are opening up new branches as fast as they can, often as many as one a month.

By the same token, California banks are deeply involved in consumer lending: credit cards, mortgages, auto loans, personal loans and so forth. This commitment to the retail market is what most sharply distinguishes California banks from large banks in other populous states like New York, Texas and Illinois where tight banking laws or unattractive economics have stunted retail banking growth and even prompted some banks to pull out altogether. Banks there tend to have a more "wholesale" character.

This strong retail orientation has generally put California banks at the forefront of banking innovation: services, electronic gadgetry, products and so on. Traditionally, the heavy reliance on cheap savings deposits to fund their operations has also given them an added dash of profitability, which was partially offset by the higher cost of staffing and servicing elaborate retail networks.

But the character of the traditional California bank is undergoing a slight shift. The gradual deregulation of ceilings limiting the amount of interest payable on savings is sharply increasing the bank's cost of funds and forcing them to seek economies elsewhere in their operations. Fortunately, blossoming electronic banking technology offers considerable scope for reducing paperwork, and increasing automation of teller services. Banks are also "shaking out" unprofitable small accounts, and increasing their charges.

Wells Fargo in San Francisco said higher funding costs were largely to blame for the flat earnings it reported last year. But Mr Richard Cooley, the chairman, is brashly optimistic. "When rates come down again we shall make a lot of money," he said. He also says that his bank has taken a "big quick whack" on higher cost deposits, suggesting that much of the pain of adjustment may soon be over.

THE LARGEST U.S.-OWNED BANKS IN CALIFORNIA
(by assets, in $m, at December 30, 1980)

Bank of America	111,617
First Interstate Bancorp	32,110
Security Pacific	27,794
Wells Fargo	23,638
Crocker National	19,063
Bancal Tri-state	3,852

As for the fixed rate assets problem, he believes that Wells is expanding so rapidly that it can "grow round them" and shrink their relative importance. Like most banks, Wells has stopped giving mortgages, and will resume only when it can go ahead with the variable rate type.

But lucrative though retail banking may have been, California banks seem to make ready victims for swindlers: both Wells Fargo and Crocker have been relieved of several million dollars in recent months.

By contrast with their relative sophistication in the retail side, the California banks have been slower to move into the corporate lending field, and to expand overseas.

For many years, the bulk of California business lending was agricultural. But that is now changing with the emergence of a vibrant industrial sector, eager for capital to expand with.

The corporate market can be broken down into the multinationals and the so-called "middle market" which means different things to different banks, but could be defined broadly as big or promising companies outside the Fortune One Hundred. This business is highly competitive, but not enough to discourage a constant stream of new entrants.

California banks have generally extended their corporate business beyond the borders of the state to other industrial centres in the East and Mid-West and the South, launching a counter-attack on the big out-of-state banks which are invading their market.

Security Pacific, based in Los Angeles, whose steady earnings growth has made it one of the most profitable banks in the U.S. (second only to Morgan Guaranty in terms of return on assets) has based its strategy on highly cautious but, as it turns out, well-conducted risk management.

It has sought to expand its commercial lending (which is floating rate) at the expense of its mortgage lending (which is not), and this has given it more room for manoeuvre than rivals who went the opposite way. It also made a point of developing non-bank business such as leasing.

"We pick our markets very carefully," said Mr. Frank Cahouet, the bank's vice-chairman in charge of non-banking activities. "We also invest a lot of time investigating our funding."

Security Pacific was one of the few banks that was still making fixed rate mortgages at the beginning of this month in what could turn out to be a canny move to lock in high-yielding assets before interest rates go down again.

The pace of overseas expansion has been led by Bank of America which established itself in every major market around the world and developed a reputation as a leading international bank. Wells Fargo, Security Pacific and FIB also have foreign operations, though of varying sizes. Security Pacific, whose strength lies mainly in the Far East, had 22 per cent of its assets overseas at the end of last year, which contributed 13 per cent of net income. Wells Fargo, had 19 per cent of its assets abroad from which it derived the same proportion of its net income.

Over the last decade, California banks have increased their foreign assets from $7bn to $58bn, but three quarters of last year's figure was accounted for by Bank of America.

However, foreign expansion does not appear to be a high priority. In fact, the way overseas bank earnings have gone in the last two years, many California banks consider their relative lack of involvement to be a blessing.

With everyone else apparently piling into their own market, these banks learnt long ago that having strong local roots is perhaps the best asset they possess. Significantly, the big California banks earn one half or more of their earnings within their home state, a far higher proportion than the East Coast banks which have cast their nets far and wide in a hectic quest for richer fishing grounds.

Liberal laws and prosperous economy attract newcomers

FOREIGN BANKS

FOREIGNERS became seriously interested in the California market more than ten years ago and their presence has blossomed to the point where foreign-owned banks and agencies control a greater proportion of banking in assets in California than in any other U.S. state—about 17 per cent last year.

According to the Superintendent of Banks, 17 full-service state chartered banks are foreign subsidiaries, holding assets of $18bn a year ago. At that time there were also 85 agencies and one branch office of foreign banking corporations with total assets of just over $25bn.

After the Crocker deal goes through, six of the ten largest banks in California will either be foreign-owned or controlled. There is a strong likelihood that the Midland deal will not be the last. Speculation about future bids centres particularly on the German banks which have yet to make a major move into the U.S. market.

Though there are also fears *that the banking invasion will* provoke some kind of political backlash, that danger has yet to materialise.

Mr Richard Dominguez, the state banking superintendent, says he welcomes foreign banks because they bring much-needed new capital to a state that has always had to import its financial resources. "So far, foreign banks have shown that they are good corporate citizens," he said.

The appeal of the Californian market with its prosperous economy, liberal banking laws and useful location on the *Pacific rim, is such that many* foreign banks have made a beeline for it, bypassing more obvious financial centres further east.

The first arrivals, for geographical reasons, were the Japanese, who established their own Californian subsidiaries. But as has so often been the case in the foreign banking invasion of the U.S., it was the arrival of the British banks which really put California on the world banking map. Even before Midland appeared on the scene, the London banks dominated the state's foreign presence.

Lloyds, the large British clearing bank, bought a subsidiary of United California Bank back in 1974 which has become its major presence in the U.S. market. Today, that bank, which is based in Los Angeles, has assets of $2.7bn. and has trebled the number of its branches to 103.

Fortunate

Barclays Bank has a smaller operation called Barclays Bank of California which is based in San Francisco and has assets of just under $1bn and 58 branches. Barclays was fortunate since it was able to acquire banks in both New York and California before U.S. law was changed in 1978 to prevent foreign banks owning operations in more than one state.

Until Midland-Crocker, the largest takeover was Standard Chartered's $372m acquisition of Union Bank in 1978, at the time a $5bn bank with a branch network concentrated round the Los Angeles area. Standard already had a 32-branch banking operation in California, part of which it had built up "de novo" since 1964, making it one of the oldest foreign banks in the state. Union Bank today is a $7bn bank with more than 60 branches.

National Westminster Bank, the other big British clearing bank, has been content to stick with marketing offices in San Francisco and Los Angeles, and an overseas branch in San Francisco.

Other European acquirers include Banque Nationale de Paris which bought Bank of the West, a San Francisco-based bank with $590m in assets, last summer. The acquisition expanded BNP's presence on the California market where it already controlled a smaller bank, the French Bank of California.

Baron Edmond de Rothschild invested in the Californian banking industry by acquiring a 32 per cent stake in Bancal Tri-state, the parent of the Bank of California. With assets of $3.8bn and the rare "grandfathered" right to operate in three western states, Bancal Tri-state is one of the most aggressive and innovative banks on the California scene, though volatile interest rates knocked more than 10 per cent off its earnings last year.

The Japanese are the only ones who have come anywhere close to matching the British investment, though the Canadians have also been active. The Japanese have bid particularly aggressively for smaller banks, offering in cases as much as three to four times book value. The Crocker deal, by contrast, will bring shareholders book value, possibly less.

The California subsidiaries operate like most other California banks gathering deposits and making individual and commercial loans. Their owners have been keen, as a rule, to give them as much autonomy as possible and play down the fact that they are foreign-owned, particularly the Japanese banks whose presence might be more *conspicuous than the European* ones.

Mr. John Harrigan, chairman of Union Bank, says that Standard have not tried to force any changes on the bank, and they stay out of day-to-day operations. "They encourage us to do a better job and use the international reach of the Standard Chartered Group," he said.

However, the foreign banking presence should also be *measured in terms of the* number of agencies and representative offices which are a conspicuous force in the market too. They tend to fulfil more varied roles. Some are after corporate loan business, others finance foreign trade, and others still have flown in on their clients' coat tails. Many combine all these functions.

Some banks have developed fairly sophisticated operations. Barclays has found it worthwhile running a foreign exchange trading room which does about 150 trades a day with an average size of $1m. The bank specialises in exotic Far East currencies.

"It proves that there is a foreign exchange and money market on the West Coast, particularly after New York closes," said Mr Dennis Ford, the bank's president. "Some companies can feel very exposed in the late afternoon, especially on a Friday."

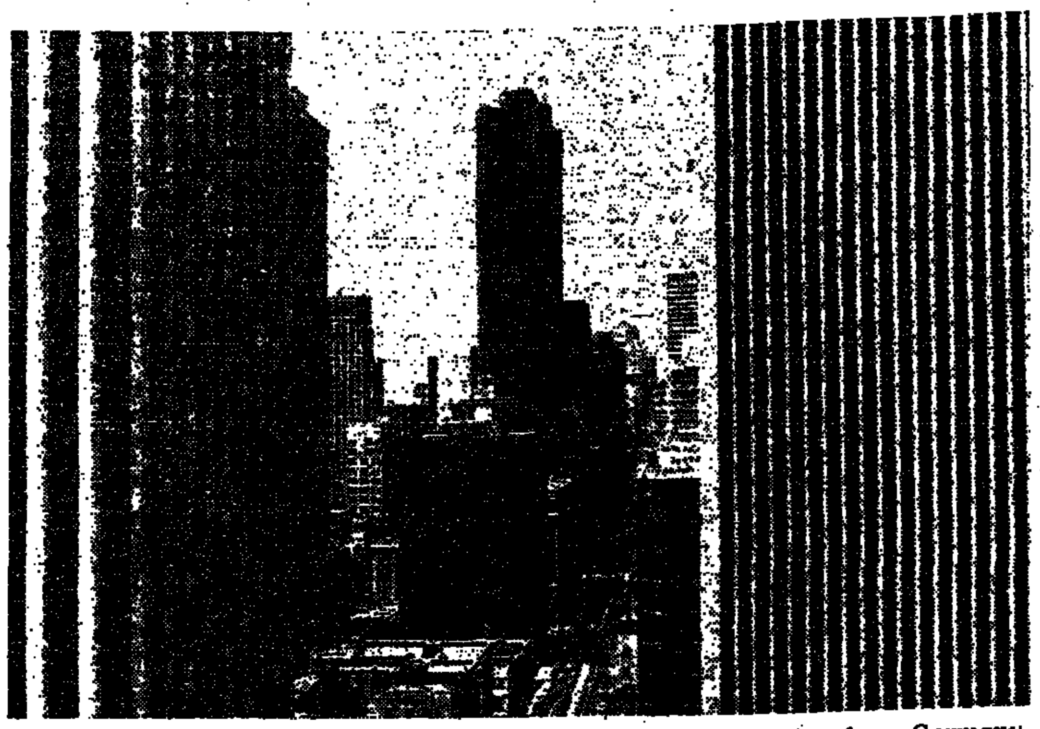
These sidelines have provided useful profits to offset the decline in retail earnings which seems to have afflicted most California banks in recent quarters.

FOREIGN-OWNED BANKS IN CALIFORNIA

(ranked by assets in $000s)

Union Bank (Owned by Standard Chartered)	7,004,000*
Lloyds Bank of California	2,709,000*
Sumitomo Bank of California	1,949,000*
Barclays Bank of California	777,016†
Bank of the West (Owned by BNP)	749,469†
California-Canadian Bank (Owned by Imperial Bank of Commerce)	666,042†
Mitsubishi Bank of California	292,564†
Toronto Dominion Bank of California	162,133†
Bank of Montreal of California	84,290†

* Assets at Dec. 30, 1980
† Assets at June 30, 1980



San Francisco's financial district. Future bank bids are likely to come from Germany

Midland paying too much, say some critics

CROCKER BID

WITHOUT DOUBT, the most dramatic event on the California banking scene in the past 12 months has been Midland Bank's $820m bid for control of Crocker National Bank, the $19bn bank which ranks Number Four in California and 13th in the U.S.

Although California has witnessed a string of foreign bank takeovers, this is by far the largest deal of its kind, with implications that extend well beyond that state. It pushes the foreign bank takeover stakes several notches higher, and could provoke political comment. But *it is also a* telling sign of how attractive California has become to foreign bankers, though locally people disagree as to whether or not it is a good deal for either party.

In a multi-stage transaction, Midland will offer the lesser of $50 or book value (which was $48.63 on March 31) for each of 6.5m Crocker shares, which will give it just under half of the outstanding. At the same time Midland will buy 3m newly issued shares for $90 apiece, which will give it the majority. In the final stage, Midland will acquire another 2.5m new shares for $90 over a four-year period, bringing its stake up to nearly 60 per cent. There are also provisions to allow Midland to buy more shares if dilution reduces its holding below 51 per cent.

For Midland, which was slower than the other British clearing banks to get a foothold in the U.S. market, the deal will bring control of a strong, well-managed bank with nearly 400 branches in the best market in the U.S.. Whether Midland would have been better advised to buy outright a smaller bank is a moot point. Other *foreign* entrants have preferred that route. But it would be hard to mistake Crocker's appeal.

Like Morgan on the East Coast, the Crocker name carries much prestige in California. The Crockers were the early financiers and industrialists of the West. Under the present management which was assembled over the last five years or so mainly from big New York banks like Citibank and Chase Manhattan, Crocker has been shaking off its reputation as primarily an agricultural and consumer bank. It has expanded *aggressively into new areas like* corporate lending, and is extending its geographical reach both in the U.S. and abroad.

"We've become a multi-service bank. You couldn't have said that five years ago," said Mr John Place, the bank's new chairman whose background includes 25 years at Chase and the chairmanship of the Anaconda Copper Company. Symbolising Crocker's aspirations is a new 38-storey headquarters building nearing completion in San Francisco's Market Street financial district.

For Crocker, the deal brings a big ($495m) and highly welcome injection of new capital at a price which is nearly two times book value and nearly three times what the bank would have obtained per share by issuing new equity on the Stock Exchange.

"Capital is the fuel that makes everything go," said Mr Place. "This investment should propel us to second place in California, and make us one of the 10 largest banks in the U.S." In fact the sum that Midland plans to invest in Crocker exceeds the total equity that all U.S. banks have raised in any single year in the past decade. Crocker calculates it will enable it to add more than $12bn of loans and other assets to the $19bn it had at the end of last year, and increase its legal lending limit to a point where, in tandem with Midland, it can make truly enormous loans.

Even so, not all of Crocker's shareholders are happy. Although they approved the deal, some think Crocker is selling itself cheap because they see other Californian banks being taken over at three or even four times book value.

Mr Place rebuts this charge on the grounds that the deal is not a takeover by Midland but an investment. Indeed, the document that makes it all possible is called an Investment Agreement. He says that far from feeling dissatisfied, shareholders should be pleased that the bank is able to sell new shares at more than their current market value.

Returns

On the other hand, there are also people who think Midland is paying too much. "I don't understand why they're prepared to pay more than book value," said a bank regulatory official in San Francisco, emphasising that was a personal opinion. Some bank stock analysts have also been less than overwhelmed by the deal. They doubt, for instance, that such a huge capital infusion will generate full returns in the hotly competitive California market, at least in the short term. As a rule, the bigger a bank grows in the U.S., the less profitable it becomes because of huge overheads. The deal has also put a cap on Crocker's share price.

John Place of Crocker: not a takeover

Neither Crocker nor Midland will discuss their future plans in detail. "It would be a bit presumptuous because the agreement has not yet been officially approved," said Mr Place. However, Crocker has made a thorough analysis of its future, looking at what might happen both if the deal succeeds and if, for some reason, it fails. The confidential document makes some 20 recommendations, all of which Crocker says are either being investigated or acted upon. Midland has pledged, however, that it will give Crocker the maximum operational autonomy. Midland will only get three members on Crocker's 20-plus board, and it will only be able to increase its stake with the board's approval, its own nominees not voting.

The deal still needs the approval of the U.S. regulatory authorities, which will probably come in the second half of this year.

One possible snag could be tax. California operates a controversial "unitary" tax under which it claims the right to tax the world-wide operations of multinationals that have business in the state. It is possible that Midland would be subjected to this tax. If so the cost *could* be up to $4m a year (based on 1979 figures) and Crocker and Midland have vowed to fight it.

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Tough battles would follow a change of law

INTERSTATE BANKING

WHEN THE barriers that confine U.S. banks to their home states eventually crumble, the toughest battles between the giants of the U.S. banking industry for new territory are bound to be fought over the appealing California market.

But that is not to say that out-of-state banks are not already there, chipping away at whatever segments of the market U.S. law allows. Although they are not allowed to open retail branches or accept deposits from individuals, most of the largest non-California banks have been represented in the state for several years in one way or another. In fact one or two of them are involved in so many lines of business that their inability to open branches on main street seems more of an anomaly than a constraint. Corporate lending, consumer finance, mortgages, leasing, trade finance—all are areas in which non-California U.S. banks participate eagerly and legitimately.

Leading the way is Citibank, New York's largest bank whose reputation for fighting its way into new markets is now almost legendary. Even though no hillboards or downtown signs tell of its presence, Citibank has no less than 3,000 people working for it in the state—an immense number that dwarfs the payroll of many California banks.

Citibank owes its presence partly to the Edge Act which allows banks to open branches in other states to conduct business connected with foreign trade. But the bank also has offices whose function is to drum up commercial and industrial loan business, make mortgages and lend to individuals. Citibank even has a local foreign exchange dealing room to handle business in the Pacific time zone, as well as a Treasury operation.

"It's an extremely attractive market for us. We want to do the most possible business here that the banking regulations will allow. We also believe it will not be long before the laws are changed to allow us to have a full banking presence here." said Mr Wilford Farnsworth who heads Citibank's operation in California.

Some 20 other U.S. banks are there too, including Chase Manhattan, Bankers Trust and Manufacturers Hanover. All have come for similar reasons, though they may have more modest operations.

Continental Illinois, the large Chicago bank, only has 50 people in the state, but is active in the C and I loan field, which Mr. William Goodyear, the bank's local representative, describes as consistently profitable. Unlike Citibank, Continental is not interested in the consumer business, but this is largely because it hails from Illinois, a state that tightly restricts retail banking.

The growth of foreign trade around the Pacific rim adds to the attractions ofopening up an Edge Act branch, notes Mr Goodyear who believes that California industry's exports are still well below their potential.

The powerful presence of out-of-state banks is frequently cited by bankers who want to do away with the McFadden Act. "We already have inter-state banking here in almost everything but name," is a typical comment.

However, the posture of the out-of-state banks, particularly Citibank, has provoked a sharp reaction from California banks who have a market to protect and feel somewhat ambivalent about the benefits of inter-state banking.

Publicly, large banks like Bank of America favour reform. Privately they might admit that they stand to lose more than to gain from abolition of McFadden. They enjoy a dominant position in the biggest and best banking market in the U.S. which they are keen to protect. While de-regulation may give them access to lively new markets along the sunbelt, it would also bring extra—and unwelcome competition — to their home territory.

Hanging on

Bank of America has already been losing market share to new and upcoming California banks, as well as to the growing number of foreign banks. Its priority now it to hang on to what it has got. Other big banks have similar strategies.

The out-of-state bank issue heated up last year when Citibank tried to advance its interests on the basis of a law that permits inter-state branching among reciprocating states. It drafted a Bill for the state legislature in Sacramento that would have paved the way for California and New York banks to branch freely in each others' states. The California banks were furious because they consider—rightly—that the New York market offers far fewer opportunities than their own.

"I wouldn't trade a single block of Fresno for the whole of Manhattan," said one senior banker at the time. His disgusted comment is now repeated with glee by his colleagues. Mr Richard Cooley, chairman of Wells Fargo, said: "Maybe I'd trade with Texas, but not with New York."

Citibank backed up its lobbying effort with a high-powered visit from its chairman, Mr Walter Wriston, who held meetings with Governor Jerry Brown and California bankers and businessmen at which, as he put it, he "applied for a visa" to come to California. But the offensive backfired. Although Mr Wriston is thought to have offered to pump millions of dollars into the California mortgage market and even offer public support for Governor Brown's well-known presidential aspirations, he failed to drum up enough political backing for the bill, and may even have intensified resistance to his plan.

"We believe that the reciprocation Bill would increase competition in California, and that's good for people who need financial services," said Mr Farnsworth. Citibank is now preparing another Bill, but Mr Farnsworth said it will not be proposed until the bank can be sure it will get a better reception than the first. Mr Richard Dominguez, Superintendent of Banks, said he has an open mind on the issue, though he felt the Citibank Bill was a poor trade-off.

It seems, however, that inter-state banking is more likely to reach California through reform of laws at a Federal level than through reciprocation at a state level. When it does come, though, competition is expected to become intense.

There is much speculation over whether the big New York banks will enter the market by buying up a local bank, or starting de novo by building their own branch networks. Given that the second route would be enormously expensive, the acquisition route seems more probable. Although banks like Citibank deny that they have a hit list of possible acquisitions, spotting targets is a lively sport, particularly among stock analysts.

Some people have even started up their own banks specifically in order to become a target—a risky but potentially profitable game.

This $15m General Automation computer, installed in a big California bank, is to be upgraded at a cost of $1.1m to cope with increased usage

Prospects likely to brighten

BUSINESS CLIMATE

CALIFORNIA may have built up an enviable reputation for itself as a balmy land of wine and microchips, peopled by young and dynamic go-getters. And its markets may rightly be ranked among the richest in the world. But it has never exactly been a paradise for businessmen.

Taxes are high. Regulation, particularly of industry, can be burdensome, the consumerist wave of the 1970s also nurtured what has come to be known as the "no-growth" syndrome: a desire to hold back the encroachment of civilisation on nature almost regardless of the social and economic cost. This expressed itself in, among other things, some of the toughest anti-pollution laws in the country, the anti-nuclear lobby and even a virtual ban on housing construction in some areas. Some industries have felt severely cramped by this environment. Some have even packed their bags and left for more congenial surroundings.

The cost of doing business there is also very high: housing and many of the basic necessities of life can cost considerably more than in other states.

But a lot of this was an outgrowth of the 1960s and 1970s when California exhibited all the passions (some might say excesses) of youth (the high cost of housing can be blamed partly on the curtailment of construction by tough environmental regulations). The 1980s are likely to be somewhat different.

The pace of economic growth will be slower, the economy will fill out, and society will mature. The average Californian will be older, and resources a bit scarcer—water supplies, housing, energy, transport and social services, to name but a few. And competition, including that for jobs, will be tougher.

Politically, too, the state will probably mellow. There are already signs that the anti-industry lobby is abating, so the business environment may improve, particularly if California responds to the changes that its former governor is now trying to bring about from the White House.

Even Governor Jerry Brown, the present governor, has been forced to come to terms with the taxpayers' revolt, and weigh the interests of business more evenly in the balance. His willingness to abolish fixed rate mortgages to help out the home loan industry, even if this causes pain to the homeowner, is one example.

Well placed

But even if the pace of growth slows down from that of the 1970s—which nobody doubts—few states look better placed for the 1980s. California is at the forefront of promising industries such as electronics, aerospace, defence and entertainment (particularly in the light of the cable TV boom). Its agricultural sector is one of the largest and most developed in the country, producing goods to which a high value is added locally, like fruit, vegetables and wine.

The challenge that California faces during the 1980s, though, is to turn all these advantages to better effect by expanding its markets both domestically and abroad. It is only in the past decade, for instance, that Californian wine has been sold in any great quantity outside the state. Today it is still very difficult to obtain abroad even though there is strong worldwide demand for precisely the kind of inexpensive but palatable bulk wines that California produces best.

The state's industrialists will also have to meet the growing challenge from overseas to their lead in the electronics and aerospace industries.

Closer to home, the state will have to iron out serious imbalances in the housing and labour markets. The pace of economic growth in the years ahead will depend to a large extent, many economists believe, on continued strength in construction. But for this to happen, order will have to be restored to the housing finance market (see accompanying article). And while job creation remains strong, the flow of new labour is stronger still and there is a danger that local unemployment could exceed the national average.

But though the 1980s clearly will be a period when California will no longer be able to ride on the back of its tremendous advantages but will be required to prove itself in a tougher market place, the unfolding scenario would seem to offer remarkably attractive opportunities to the banking industry.

Corporate loan demand is likely to remain among the strongest in the U.S. as the pace of industrial growth continues at above average levels. For many banks this probably represents the most appealing feature of the California market. But there are other lures as well.

The rising age of Californians suggests that a greater proportion of the population will be householders needing financial services. According to a forecast by Bank of America, demand and savings deposits are expected to increase by 12-14 per cent a year through much of the decade. At the same time though continued inflation (which BoA estimates will be on average double what it was in the 1970s) will place pressure on incomes and traditional savings patterns, meaning that California will most likely continue to have to import capital from other regions—pointing to a further role for the banks.

Potential boom

The growing pace of foreign trade, particularly in the Pacific Basin and Asia which accounts for about two thirds of the state's international dealings, also points to a potential boom in trade-related financial services.

According to a study of California's foreign trade prospects by Security Pacific, the large Los Angeles bank: "Asia's domination of California's international trade scene is likely to continue throughout the decade of the 1980s. Asia will be the next region of the world to industrialise and the process will probably result in increased trade between the region and the state.

"Some Asian countries will be looking to the lucrative California market for their exports while the state will be in a position to provide some of the raw materials and manufactured products necessary to their growth."

Largely because of its heavy oil imports, California has a chronic deficit on its foreign trade. But this might well be reversed in the 1980s as energy consumption is reined in by soaring costs, and the export orientation gains pace.

Fixed rates hit lenders hard

HOUSING FINANCE

HOUSING FINANCE is by far the largest single banking market in California—almost every commercial bank is in it, to say nothing of the huge savings and loan industry (S and L) which includes giants such as H. F. Ahmanson and Great Western Financial, the largest in the U.S. with $14bn and $11bn in assets respectively.

But marvels though this may have worked for the flourishing California real estate market, it also explains why the state's banking industry as a whole has been so vulnerable to the appalling conditions that have prevailed in the housing finance market in the past 12 months.

Under water

Bank of America, Wells Fargo, among the big commercial banks, blamed a large proportion of their poor earnings in recent quarters on the fact that their mortgage portfolio was "under water" yielding less than it cost to fund. BoA's portfolio alone is worth $15bn. The S and L industry is almost on its knees as earnings have plummeted. The net result is that mortgages have been all but unobtainable in the last couple of months.

Fortunately relief is in sight, but it is only partial, and it will take a long time to work through the system.

These woes can be traced to a number of unpleasant factors which came together at the same moment.

The U.S. traditionally has been a fixed rate mortgage society. The interest on a mortgage remains unchanged throughout its life, which poses no problems so long as interest rates stay under control. Many mortgages on California's S and L's books yield less than 6 per cent because they were arranged in the good old days: and probably as many as half of them yield less than 10 per cent compared to the 17-18 per cent prevailing this month.

At the same time, though, the Government has moved to lift the ceilings on the amount of interest deposit-taking institutions can pay on savings accounts. This happened just as interest rates soared to record levels, so the impact penetrated deeply.

Although lenders all have what they call a "core deposit base" of low cost savings and current accounts with which to fund their mortgages, these liabilities have been insufficient to finance the entire portfolio. Institutions increasingly have had to resort to higher cost savings and wholesale funds at money market rates. This has practically doubled their funding costs.

The tightening squeeze is illustrated by data from the Federal Home Loan Bank in San Francisco. In 1978, before interest rates got out of hand, the average cost of funds for mortgage lenders was 7.17 per cent, and the average portfolio yield was 9.27 per cent, giving the lender a healthy spread of over 2 per cent.

By May 1980 the cost had risen to 10.61 per cent and the yield to only 10.11 per cent, making a negative spread of 0.5 per cent. The spread has been negative ever since. Last year the S and Ls of the region only just made a profit of $350m compared to $1bn the year before. But this year they will almost certainly end up deep in the red. Most of the biggest ones lost money in the first quarter.

A FHLB official said: "We have not had any failures yet. But they could still come. I hope they can be handled in an orderly fashion to avoid damaging public confidence."

For a number of years, California mortgage lenders have been permitted to make so-called variable rate mortgages on which payments are adjusted to reflect changing market conditions. But the mechanism was very constricted—a maximum ¼ per cent adjustment every six months, and a total variation over the life of the mortgage of no more than 2½ per cent from the original rate. They were not a great success, and were hopelessly inadequate to cope with the tremendous volatility of the last few months.

Frustration

The lenders' problems were compounded by the so-called Wellenkamp Decision—a 1978 California Supreme Court ruling which has bankers grinding their teeth in anger and frustration.

The court ruled that mortgage lenders may not enforce a "due on sale" clause, meaning that a seller who has a fixed rate mortgage at below market rates can pass it on to the purchaser of his house. Curious though the legal reasoning may be behind this, it has helped keep the real estate market alive. But it has also left the lenders in a bind.

By encouraging homeowners to hang on to their mortgages, it reduces the lenders' ability to turn their mortgage portfolios at a steady rate and adjust to changing market conditions. The danger now is that mortgages will be kept for their full 30-year lives. Previously they were prepaid after seven years on average.

A number of legal and legislative assaults are being made on Wellenkamp, but their chance of success is hard to gauge.

A better prospect for relief is coming in the form of totally freely adjustable rate mortgages (ARMs).

The federal authorities recently authorised these instruments, and federally chartered banks and S and Ls will start offering them soon. A Bill to authorise state ARMs was vetoed last year by Governor Jerry Brown. But since then he has been sufficiently impressed by the crisis besetting the S and L industry to indicate that he will approve a second Bill this summer.

But even if Sacramento fails to enact changes, the institutions have an escape route: they can "go federal." Many of them already have. By switching from a state to a federal charter they escape the state's restrictive legislation.

Providing interest rates come down, the revival of the California home loan market may not be far off—but it will most likely be reborn in a very different form: fixed rate mortgages will be a thing of the past: 30-year loans may also be hard to come by, particularly if Wellenkamp stays. And there may be fewer lenders.

Mr Herbert Young, chairman of Gibraltar Financial, the eighth largest S and L in the U.S., based in Beverly Hills, says he is seriously thinking of pulling out of mortgages altogether and taking advantage of new rules which allow S and Ls to make personal loans for car purchases and the like, even though this would mean sacrificing the tax advantages that go with S and L status.

"We want to get the best return we can on our assets," he said simply.

COMMODITIES AND AGRICULTURE

EEC delays decision on tin agreement

BY JOHN WYLES IN LUXEMBOURG

EEC Foreign Ministers at their meeting here were unable to settle yesterday whether or or not the European Community will support the proposed new International Tin Agreements, due to be concluded on Friday.

Instead the Ministers asked EEC permanent representatives in Brussels to consider the matter further on Thursday by which time it should be clearer whether the U.S. is likely to support the compromise proposals for the pact worked out last weekend in Geneva to avoid a breakdown of the negotiations there.

Our Commodities Editor writes: Mr Peter Lai, chairman of the UN Tin Conference negotiations in Geneva, said yesterday he remained confident the draft of a new International Tin Agreement would be ready by Friday.

However there must be disappointment in Geneva that the EEC has decided to remain sitting on the fence, when positive moves are being made to reach agreement. It is believed that some EEC members, notably Britain and West Germany, were anxious not to be seen slamming the door on the U.S. joining the new tin pact. The compromise proposals, formulated at the weekend, effectively force the U.S. to make a political decision whether to join or not, since the terms are much further away from the American demands than previously. The EEC evidently hope the U.S. will decide to join the pact nevertheless because Washington may consider it wise to do so for political reasons and to further the north-south dialogue between poor and rich countries.

It is generally assumed that the U.S. will now prefer not to join the new Agreement. Producing countries have made it plain they would not be averse to this since it is considered almost impossible to operate a workable pact with the U.S. as a member in view of its very different approach to commodity markets. But under this scenario it would be essential for the EEC to join and the danger is that by delaying a decision the Community might torpedo the negotiations once again by coming up with new proposals at a late stage.

The EEC only went along with certain compromise proposals in hopes that they would entice the U.S. to join. If the U.S. definitely decides not to go ahead the Common Market would probably like to press its own proposals—if the conflicting views of the ten member countries can be reconciled.

Mexico ends silver levy

MEXICO CITY—Mexico ended a levy imposed last year on gold and silver production, industrial development minister Jose Andres de Oteyza said.

Sr de Oteyza told the mining chamber of commerce there was no reason to maintain the levy now that the precious metal markets had slumped.

He said the immediate removal of the levy, of up to 40 per cent on production depending on world prices, was designed to encourage both foreign and domestic investment in the industry.

Sr de Oteyza said he expected investment of about $1bn over the next two years. Last year Mexican silver output dropped to 1,472 tonnes from the 1979 figure of 1,537 tonnes. Gold production last year was 6,096 kilos compared with 5,911 the previous year.

● Production of gold, silver, lead and zinc by two of Mexico's biggest mining companies has been virtually halted by strikes. The stoppages over wages and conditions began almost two months ago at the northern mines of Minerales Metalicos del Norte and two weeks ago in Frisco de Oro. Reuter

Sugar quotas rise postponed

THE International Sugar Organisation's executive committee yesterday postponed until its next meeting any decision on whether to increase the 1981 sugar export quotas, Reuter reported.

Delegates at the London meeting said that the delay in making a decision until the next meeting on July 9 would give more time to review the market situation.

Under the agreement 1981 export quotas could be raised by 1m tonnes to 16.15m tonnes following the rise in ISO 15-day average price to over 16.5 cents a lb. But the daily price on which the average is based has now fallen below 16 cents and unless it goes back over 16.5 cents a quota cut of 800,000 tonnes could be triggered.

Meanwhile, however, shortfalls in meeting 1981 quotas were declared by several countries. These added up to a total of 1.145m tonnes, of which India and Peru accounted for 850,000 tonnes. If the quotas were raised then there is little doubt several more shortfalls would have to be declared.

William Miller, executive director of the ISO, reported he had requested Unctad to reserve facilities in Geneva next spring in case the council decides at its next scheduled meeting on November 19 to renegotiate, rather than simply extend, the present International Sugar Agreement.

The current agreement is due to expire at the end of next year.

In Washington meanwhile, Reagan Administration officials said they are seeking the views of the sugar industry and consumer groups in developing a policy with regard to the new international sugar agreement.

World sugar values fell back on the London futures market yesterday. The London daily price for raw sugar was cut by £8 to £200 a tonne in the morning. The October futures position closed in the afternoon £7.35 lower at £201.25 a tonne, after dipping below £200 at one stage.

Traders said the decline following the heavy fall in the New York market overnight, when prices fell the permissible limit down on uncertainty about rumoured recent purchases by India.

Coffee and cocoa touch new lows

By John Edwards,

COFFEE and cocoa prices eased to new lows yesterday as renewed selling pressure developed.

On the London Robusta coffee futures market the September position closed £11 down at £734.5 a tonne to record a new 5½-year low. In New York, after a firmer start, prices also fell sharply again. The Brazilian National Weather Office forecast a new cold wave in the south of Brazil developing on June 25 to 27, although current temperatures are still rising. These frost fears, and expectations of a cut in world export quotas being agreed next week, brought in some buying interest in early trading.

However, renewed speculative selling then emerged with some traders predicting that prices might even fall below £700 a tonne.

Cocoa also opened on a firmer note, but then gains quickly disappeared when West African producers started to sell again. The Ivory Coast was believed to be taking advantage of the latest sterling/French franc exchange rate, while Ghana was also rumoured to have resumed sales after holding off the market recently. Consumers are said to be restricting purchases to a hand-to-mouth basis, while speculators claim that the "charts" are pointing to further price falls. Last night the September position closed £5 lower at £789.5 a tonne.

Jamaica alumina exports rise

KINGSTON—Jamaican alumina exports rose 45 per cent to 635,000 tonnes in the first 1981 quarter compared with the same period last year, the Jamaica Bauxite Institute (JBI) said.

If the first quarter production rate was maintained for the rest of the year, bauxite production for 1981 would total 12.8m tonnes, it said.

Last year just under 11m tonnes of bauxite was mined, the best production figure since the 1974 record of 15.1m tonnes. Reuter

MARKET PROFILE: NICKEL

Battle of the discounts

BY ROY HODSON

THE NICKEL market is in a dreadful state with the big producers unable to work at more than about two-thirds capacity. The market leader, International Nickel Company (Inco), which still has a 30 per cent share of the non-communist world market has seen its earnings fall to $26.9m in the first quarter of this year against $97.5m in the same period a year ago.

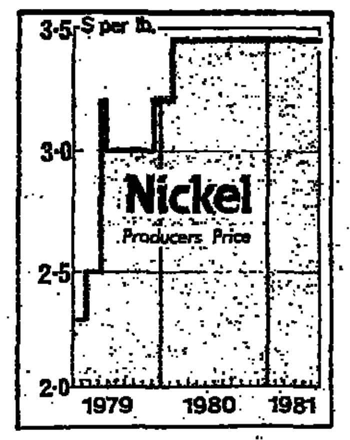
Only two companies — Inco and Western Mining Corporation of Australia — are accounted within the trade as able to make money from nickel since industrial recession began to bite hard in the western economies. In both cases their relatively robust positions are the result of the ores they garner rather than any particular management advantage over the rest of the field.

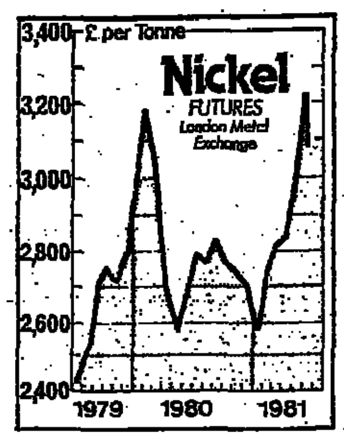
Both companies are lucky enough to be working deposits of the disappearing sulphides ores which can be processed more cheaply and using less power than is the standard case in nickel production. Most of the nickel producers are losing money working and processing the laterite (oxide) ores which are available in a great number of developing nations. The sulphides ores are largely confined to North America and Australia. But there the deposits are running down.

The nickel producers had a bad shock in the late 1970s when output suddenly and unexpectedly outstripped demand after years of relatively stable trading.

The immediate result of that traumatic experience for the nickel managements was a resolve never again to be manoeuvred into a position of cut-throat price competition. Their resolve has been put to the test these recent months as non-communist world demand for nickel has declined. This time round they have eschewed an open price war and have chosen instead to attempt to maintain a reasonable state of market stability by a combination of cuts in production and judicious price discounting.

It is that latter ploy which is now causing the downcast nickel market to froth and bubble. A discount of 6 per cent upon the producers' posted price for nickel metal of $3.45 a pound was decreed by Inco late last year and was, as usual, followed by the other producers. Inco says the discount was for a limited period only—until the end of this month—and believes its customers well understand the need for higher prices from July onwards.





Nickel production is an energy-intensive business and the cost of energy to the industry has risen by nearly 80 per cent in less than two years. But Inco has not made any public statement about the ending of discounting. The signs are that henceforth the dominant nickel producer is going to be prepared to be more flexible about nickel prices than ever it was in the past. Inco's object will be simply to retain its 30 per cent market share, which already has been eroded from 50 per cent in the late 1960s by the arrival upon the nickel scene of a galaxy of new producers among the developing nations.

All producers would like to cancel the vexed 6 per cent discount upon the nickel price. But it has been left to Entores of London which represents the big producer Le Nickel-SLN to take a lead. Entores' customers have received a letter within the last few days warning them that the group is "discontinuing discounts." And they have been quick to appreciate that the Entores management means not only an ending to the standard 6 per cent discount but an ending to other private arrangements as well that have been acceptable between buyer and seller during nickel's difficult winter.

So the battle plan for a shrunken nickel market is becoming discernible. On the one hand the second-line producers including Le Nickel and Falconbridge, and the small outfits based in the developing countries, are determined to secure higher prices to make the game worth the candle. They cannot sell nickel and make profits at current price levels after processing their laterite ores using prodigal amounts of energy. Inco, on the other hand, is defending its market status and is prepared to use its sheet anchor, the cheaply - processed sulphide ores, to fight its competitors on price.

Nickel demand in the non-communist world this year is expected to be under 1.2bn pounds—very little changed from last year. As the prospect of an early upturn in demand for the metal in the western economies recedes life is going to become more difficult for the smaller nickel producers. Those who wish to stay in the business will be forced to undercut Inco, however competitive the big group's prices become. In short, nickel is likely to remain cheaper than its production costs warrant.

World grain stocks boost forecast

WORLD production of grains and oilseeds will likely increase more than world consumption, according to the U.S. Department of Agriculture. This will result in increased stocks in 1981/82.

In its world agricultural outlook report, the USDA said world grain production in 1981/1982 will likely be 3 per cent above 1980/81 production, while world use will increase less than 2 per cent. This would increase world wheat and coarse grain stocks to 14 per cent of use, from the current 12 per cent.

World oilseeds production will increase between 3 per cent and 4 per cent in 1981/82, with protein meal output likely up about 4 per cent fro mthe 87.5m tonnes in 1980/81.

The report said even with increased consumption, vegetable oil stocks may remain large, due to expanded production.

The department noted that wheat stocks on June 1 were 10 per cent above a year earlier, but maize and soyabean stocks had dropped from last year's levels.

Meanwhile India is expected to decide in the next few weeks whether to import as much as 2.0m tonnes of U.S. wheat for shipment this year, according to the grain trade.

The prospective imports would consist of 66 per cent to 75 per cent of hard red winter wheat while the rest would be western white wheat.

Indian officials recently visited the U.S. to reacquaint themselves with the Government's inspection service for grain exports and with the U.S. marketing system, leading to new speculation that large-scale imports will be resumed for the first time in five years.

Without the wheat imports, India would be forced to draw down its total wheat reserves to about 2.0m tonnes and would be dependent on having a good harvest next year.

Because most of India's wheat is grown in the northern part of the country, imports would alleviate some of the internal transportation problems Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL prices fell slightly on the London Metal Exchange, with the exception of Lead, where the market's fears of a potential physical shortage countered the effects of steadier sterling and the price edged upwards to £371. Copper closed at £886.5. Tin was finally £6,490 after a low of £6,450, and Zinc finished at £433.5. Aluminium and Nickel both drifted, with the former finally £628.50 and the latter £3,130.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	861-.5	......	860-1	—3.5
3 months	886.5-7	+1	885.5-6	—3
Settlem't	861.5	......	—	......
Cathodes				
Cash	854-.5	—.25	853-5	—3.25
3 months	876-.5	—.25	875-6	—3
Settlem't	854.5	+.5	—	......
U.S. Prod.	—	......	*85.5-7	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £860, 61. Three months £885, 85.5, 86, 86.5, 87. Cathodes: Cash £854.5. Three months £877, 76.5. Kerb: Wirebars, three months £886. Afternoon: Wirebars, three months £885, 85.5, 86, 86.5, 86, 85.5, 86. Kerb: Wirebars, three months £886, 86.5, 87. Turnover: 10,250 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6340-50	-72.5	6330-40	-42.5
3 months	6470-80	-57.5	6465-70	—40
Settlem't	6350-70	—70	—	......
Standard				
Cash	6340-50	-72.5	6330-40	-42.5
3 months	6470-80	-73.5	6465-70	—40
Settlem't	6350	—70	—	......
Straits E.	$29.24	-0.05	—	......
New York	—	......		

Tin—Morning: Standard three months £6,490, 85, 80. High Grade, cash £6,350. Kerb: Standard Three months £6,470, 60, 50, 60, 65. Afternoon: Standard three months £6,460, 65. Kerb: Standard Three months £6,470, 75, 80, 90, 85, 90.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	361-.5	—7.62	363-.5	—3.25
3 months	368.5-9	—6	369-.75	—3.87
S'ment	361.5	—7.5	—	......
U.S. Spot	—	......	*38	......

Lead—Morning: Cash £362, 61.5, three months £368, 68.5, 70, 69. Kerb: three months £369. Afternoon: Three months £371, 70, 69, 69.75. Kerb: three months £390.5, 70, 71. Turnover: 7,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	435-6	—7.25	434-5	—4.5
3 months	433.5-4	—5.75	433-.5	—5.25
S'ment	436	—7	—	......
Primw'ts	—	......	*46.5	......

Zinc—Morning: Cash £435.5. Three months £433, 33.5. Kerb: Three months £434, 33.5. Afternoon: Cash £435, three months £434, 33.5. Kerb: three months £433.5, 34. Turnover: 3,725 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	609-10	—6	607-9	—6
3 months	629.5-30	—6.5	628-30	—4.75

Aluminium—Morning: Three months £631, 31.5, 31, 30.5, 30, 29.5, 30. Kerb: Three months £629.5, 29, 29.5. Afternoon: Three months £631, 30.5, 30, 29.5, 29. Kerb: Three months £629, 28.5. Turnover: 7,800 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3075-85	—25	3075-85	—15
3 months	3125-35	—25	3125-35	—12.5

Nickel — Morning: three months £3,130, 25. Afternoon: Three months £3,130. Turnover: 738 tonnes.

* Cents par pound. $ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 4.65p an ounce higher for spot delivery in the London bullion market yesterday at 512.2p. U.S. equivalents of the fixing levels were: spot $10.242, up 17c; three-month $10.694, up 17.1c; six-month $11.086, up 16.4c; and 12-month $11.865, up 17.7c. The metal opened at 506-511p ($10.15-$10.25) and closed 509½-514½p ($10.20-$10.30).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	512.20p	+4.65	513.45p	+1.7
3 months	527.70p	+4.75	528.75p	+2.0
6 months	543.50p	+4.75	—	......
12months	577.50p	+4.70	—	......

LME—Turnover 78 (278) lots of 10,000 ozs. Morning: three months 528, 29, 28.5. Kerb: three months 529, 29, 30. Afternoon: three months 531, 30.5, 30, 29.5, 29. Kerb: three months 528, 27, 28.

COCOA

Futures opened unchanged as due but eased on reports of further producer sales and trade house hedging to trade at new contract lows, although light short-covering pared some losses. Physical business was scarce, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	760-762	—2.5	770-759
Sept.	789-790	—5.0	802-787
Dec.	829-830	—6.0	842-825
March	860-861	—5.0	872-855
May	880-881	—4.0	890-876
July	898-900	—3.0	910-899
Sept.	916-917	—3.0	919-914

Sales: 3,995 (2,507) lots of 10 tonnes.

ICCO Futures—Daily price for June 22: 73.40 (73.64); five-day average 74.41 (75.00).

COFFEE

Despite cold weather warnings for the latter part of this week Robustas opened £13-£20 down. Trade buying at the lows lifted values to unchanged levels, reports Drexel Burnham Lambert. Heavy commission house selling and a weaker than expected New York opening pushed to just above the days lows where they remained.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	712-13	—16.5	732-06
Sept	734-35	—11.5	755-25
Nov	718-20	—13.0	736-16
Jan	720-24	—7.5	738-17
March	721-30	—5.5	741-21
May	725-27	—10.5	728
July	720-39	—10.5	—

Sales: 5,335 (6,907) lots of 5 tonnes. ICO Indicator prices for June 22 (U.S. cents per pound). Comp. Daily ICA 1976 93.25 (97.17); 20-day average 104.19 (105.22).

GAS OIL FUTURES

The market opened steady and rallied quickly to the highs before trading actively in a narrow range for much of the day. Later, heavy selling pushed the market rapidly to the lows before it bounced back on the close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	284.25	+2.25	284.00-84.00
July	285.00	+2.75	285.25-82.50
August	285.75	+1.00	286.75-84.00
September	289.00	+1.00	223.00-87.75
October	292.75	+0.75	294.50-92.50
November	296.50	+0.50	297.75-97.50
December	301.75	—0.50	303.50-02.00
January	305.50	+0.50	305.50-05.00
February	308.25	+0.25	—

Turnover: 1,234 (545) lots of 100 tonnes.

GRAINS

The market opened unchanged on wheat and barley. After some initial buying support July wheat values eased back and then steadied. New crop wheat saw fairly quiet trading, while barley values improved on shipper and commercial buying support and a reasonable two-way trade was seen, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
July	113.25	—0.25	—	......
Sep	100.05	......	95.25	+0.10
Nov	103.95	......	99.10	—0.05
Jan	107.95	—0.15	102.80	+0.10
Mar	111.60	—0.10	106.05	+0.10
May	115.40	—0.10	109.65	—0.15

Business done—Wheat: July 113.70-13.00, Sept. 100.05 one trade, Nov. 104.00-103.95, Jan. 107.95-107.85, Mar. and May no trades. Sales: 101 lots of 100 tonnes. Barley: Sept. 95.25-95.10, Nov. 99.10-99.05, Jan. 102.85-102.70, Mar. 106.00-105.95, May 109.60-109.55. Sales: 179 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. West 115.00, W. Mids 115.80. Feed barley: S. East 107.70, S. West 107.10, W. Mids. 104.70, N. West 105.50. The UK Monetary Coefficient for the week beginning Monday June 29 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent June 107.50, July and Aug 107 transhipment East Coast. U.S. Hard Winter 13½ per cent June 105.50, July 108.25, Aug 109.75 transhipment East Coast. English Feed fob Sept 104, Oct 106 East Coast. Maize: French June 127.50, July 128.50 transhipment East Coast. South African Yellow July/Aug 88.75. Barley: English Feed fob Aug 96.50 South Coast, Sept 98.50 East Coast, Oct 100.25 East Coast. Rest unquoted.

RUBBER

The London physical market opened slightly easier, with little interest throughout the day closing quiet. Lewis and Peat reported an fob July price for No 1 RSS in Kuala Lumpur of 264.0 (256.0) cents a kg and SMR 20 228.0 (229.0).

No 1. R.S.S.	Yest'r'ys Close	Previous close	Business Done
July	59.10-59.70	53.50-61.00	—
August	59.50-60.70	61.20-61.20	60.60
Jly-Sept	60.55-60.60	60.50-61.00	60.50-59.90
Oct-Dec	62.40-65.50	65.50-65.80	65.70-62.80
Jan-Mar	65.40-65.50	66.50-66.60	66.50-65.30
Apl-Jne	69.50-69.40	69.40-69.50	69.50-69.00
Jly-Sept	72.20-72.30	72.50-72.40	—
Oct-Dec	75.00-75.40	75.00-75.40	75.30
Jan-Mar	78.20-78.40	78.30-78.50	78.40

Sales: 285 (327) lots of 15 tonnes, 9 (nil) at 5 tonnes. Physical closing prices (buyers) were: Spot 58.50p (59.50p); Aug 61.55p (61.75p); Aug 62.00p (62.25p).

SOYABEAN MEAL

The market opened £1.50-£2.00 lower on stronger sterling, reports T. G. Roddick, and continued to drift on light trade selling to close near the lows of the day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	125.00-25.2	—1.85	128.00-24.70
October	126.30-28.0	—1.65	129.80-28.00
December	134.00-34.2	—1.65	136.00-35.80
February	137.00-37.5	—1.50	139.20-37.50
April	133.00-33.5	—1.00	—
June	132.50-41.5	—1.25	—
August	133.00-43.0	......	—

Sales: 167 (228) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order, buyer, seller, business). New Zealand cents per kg. Aug. 385, 405, nil. Oct. 386, 392, nil. Dec. 391, 394, 394. Jan. 394, 396, 396. Mar. 400, 403, nil. May 410, 411, 410. Aug. 423, 424, nil. Oct. 424, 427, 425. Dec. 427, 429, nil. Sales: 10.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business) Australian cents per kilo. July 499.0, 500.0, 504.5-497.5; Oct. 431.0, 491.0, 456.0-491.0; Dec. 499.0, 499.5, 504.0-497.0; Mar. 505.0, 506.0, 510.0-503.5; May 512.0, 513.0, 517.0-510.0; July 518.0, 520.0, 522.5-515.0; Oct. 515.0, 516.0, 514.0; Dec. 519.0, 522.0, 524.0-520.0. Sales: 420.

SUGAR

LONDON DAILY PRICE—Raw sugar £200.00 (£208.00) a tonne cif June-July-August shipments. White sugar daily price £222.00 (£229.00).

The market opened £2 below overnight quotations but there was no follow-through on the downside and prices consolidated at the lower levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	199.80-99.90	208.75-07.00	207.0-197.25
Oct.	201.00-01.50	208.50-08.70	209.0-198.90
Jan.	202.00-02.50	209.25-09.50	202.75-200.0
March	204.35-04.50	211.50-11.75	211.50-205.0
May	206.50-07.00	213.25-13.50	206.50-206.0
Aug	208.00-09.00	214.50-15.25	209.00-207.5
Oct.	209.00-10.00	215.50-16.50	—

Sales: 5,522 (4,436) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £307.5 (£217.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 22: Daily price 15.98 (16.21); 15-day average 16.54 (16.71).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 120 tonnes, bringing the total for the week so far to 160 tonnes. Many users operated cautiously, and business was scarcely brisk. Minor replenishment needs were undertaken in specialist growths, notably in African styles.

POTATOES

LONDON POTATO FUTURES—The market opened easier on all positions, and traded in a narrow range as traders consolidated after the recent rises. February and April found further buying interest to close with small gains, reports Coley and Harper. Closing prices: Nov. 60.70, —0.2, (high 61.00, low 60.40); Feb. 70.00, +0.2, (high 70.00, low 69.50); April 77.10, +0.3, (high 77.10, low 76.50). Turnover: 170 (234) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 76.3 to 80.0; Ulster hindquarters 88.0 to 92.0; forequarters 55.0 to 59.0. Veal: Dutch hinds and ends 126.0-132.0. Lamb: English small 74.8 to 80.0, medium 73.0 to 77.5, heavy 70.0 to 76.0; Imported Frozen—New Zealand PL 66.0 to 68.0 PM 64.0 to 65.0. Pork: English, under 100 lb 48.0 to 54.0, 100-120 lb 46.0 to 52.0, 120-160 lb 44.5 to 51.0.

MEAT COMMISSION—Average fatstock prices at representative markets on June 23. GB—Cattle 94.03p per kg lw (—1.04). UK—Sheep 162.25p per kg est dcw (—12.99). GB—Pigs 76.07p per kg lw (—0.58).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 5.00, 56 5.70, 72 5.60, 88 5.00, 112 4.85, 138 4.85, 150 4.30; Californian: 88/138 3.80-4.80; Jaffa: (base) Valencia Lates 56/189 4.20-4.90; Moroccan: Lates 48/113 3.30-5.00; Cyprus: Valencia Lates 66/144 3.80-4.60. Lemons—Spanish: Trays 25/50 1.80-2.60, Boxes 60/100 5.00; Californian: 115/140 5.00; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.50-6.50; Jaffa: Cartons 60/90 4.50-5.0. Grapefruit—Outspan: 40 4.30, 48 4.25, 56 4.00, 64 3.60, 72 3.50; Jaffa: 20-kg 36/75 3.60-4.50. Apples—S. African: Granny Smith 6.50-7.20, Golden Delicious 6.50-7.00, Starking 7.20-7.80; Chilean: Granny Smith 6.00, Starking 7.50, Richareds 6.50; New Zealand: Granny Smith 6.80, Sturmer Pippins 6.50, Golden Delicious 4.80-5.00, Red Delicious 7.50, Delicious 7.00, Red Dougherty 7.50; Tasmanian: Jonathans 6.20, Granny Smith 5.80-6.00, Sturmer Pippins 6.50, Democrats 7.0, Craftons 8.00; W. Australian: Granny Smith 7.00; U.S.: Red Delicious 10.50-11.50; French: Golden Delicious 40-lb 125/175 3.50-4.80; Italian: 40-lb Romes 60/70 4.50, Democrats 28-lb 2.40; Victorian: King Coles 8.30; British Columbian: McIntosh Reds ½-cartons 70/80 4.50. Pears—Belgian: Conference per pound 0.10-0.12; S. African: Packhams 6.00-7.00, Neils 5.50; Tasmanian: Packhams 40-lb 6.80-7.00; New Zealand: Packhams 8.20; Victorian: Packhams 7.00-7.50. Nectarines—Spanish: 37/45 3.00-5.00. Plums—Spanish: Rosas 3/6 2.50-4.60, Japanese 3/5 1.00-1.50, Gaviotas 2.80-3.50. Apricots—Spanish: 11-lb 2.20-2.00. Cherries—U.S.: 18-lb, per pound 1.00; French: 11-lb, per pound 0.30-0.50; Italian: 0.45-0.70; Turkish: 0.70-0.80. Gooseberries—Hungarian: 12-lb 2.50. Grapes—Chilean: Almeria 11-lb 5.00, Red Emperor 4.50, Ribes 6.00; Israeli: Perlette 9-lb 6.50; Cyprus: Cardinal 11-lb 6.60. Melons—Israeli: Carmel Yellow 6/12 3.60-4.50; Spanish: 10-kg Yellow 4.00-5.00. Water-Melons—Spanish: 3.00-3.50. Strawberries—U.S.: 12oz 0.80-0.90; Spanish: 0.25. Peaches—Italian: Standard trays 8/D 1.50-3.00. Pineapples—Ivory Coast: Each 0.40-1.00; S. African: Shelford 5/9 2.00-2.80. Bananas—Colombian: Per pound 0.17-0.18. Avocados—S. African: 12/18 4.00. Tomatoes—Dutch: 13-lb 2.60-2.80. Onions—French: 25-kilo 6.60-7.00; Israeli: Carmel 8.20-8.50; Spanish: L'ria 4/5 6.50; Texas: 50-lb 6.00. Potatoes—Jersey: Neq, per 55-lb 4.00-4.40; Cyprus: 44-lb bags 4.20-4.50; Canary: 25-kg 8.00; Brittany: Ostara 3.20-3.80. Capsicums—Spanish: 8-kg green 2.50, red 5.50. Fennel—Italian: 20-lb 6.60-7.00. Aubergines—Dutch: 5-lb 4.80. Carrots—Italian: 20-lb 2.40; French: Nantes 26-lb 4.00; Cyprus: 22-lb 2.50. Betroots—Cyprus: New 28-lb 2.60. Cabbages—French: 8s 3.00-3.30.

English Produce: Potatoes—Per 55-lb bags, old 2.50-3.40, Kent new 4.20-4.50, Pembroke 4.00-4.30. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15. Cauliflowers—Per 12, Lincoln 3.00-4.20. Cabbages—Per bag 2.50, Spring 22-lb, 3.60-4.20, Primo 20-lb 3.00-4.50. Lettuce—Per 12, round 1.40, Cos 10/12 1.80-2.00. Tomatoes—Per 12-lb 3.00, E - 2.80. Radishes—Per pack of 12 x 8oz 1.50, bunches of 15 1.20. Onions—Per tray x 20 bunches, spring 1.80, 55-lb 40/60mm 5.50. Celery—Per 15/24 4.00-5.00. Cucumbers—Per 10/20 1.00-1.40. Gooseberries—Per 12-lb, per pound 0.16-0.18. Broad Beans—Per 24-lb 1.00-1.50. Peas—Per 20-lb nets 3.00-4.50. nsEfifT.6h5 time mfw bgk bgkqt kqaj

PRICE CHANGES

In tonnes unless otherwise stated.

	June 23 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1215/1245	......	$1255/325
Copper			
Cash w'bar	£860.5	—3.5	£827.5
3 mths	£885.75	—3	£852.25
Cash Cathode	£853.75	—3.25	£821.5
3 mths	£875.75	—3	£841.5
Gold troy oz	$465.5	+3	$468
Lead Cash	£363.25	—3.25	£326.25
3 mths	£369.375	—4.375	£336.25
Nickel	£3,504.60	......	£3,504.60
Freemkt	275/285c	......	295/305c
Platin'mtr'y oz	£247.0	......	£230
Freemkt	£230.85	+2.25	£213.65
Quicksilver†	$420/430	......	$420/460
Silver troy oz	512.20p	+4.65	499.60p
3 mths	527.70p	+4.75	514.55p
Tin Cash	£6,335.5	—42.5	£6,075
3 mths	£6,467.5	—40	£6,213.5
Tungsten 22.04lb	$145.09	......	$143.76
Wolfrm 22.04 lb	$147/148	......	$148/149
Zinc Cash	£434.5	—4.5	£393
3 mths	£433.25	—3.25	£402.25
Producers	$925	......	$925
Oils			
Coconut (Phil)	$565v	......	$600
Groundnut	‡	......	‡
Linseed Crude	£442	......	£425
Palm Malayan	$610z	—10	$625
Seeds			
Copra Philip	$370r	......	$395
Soyabean(U.S.)	$289	......	$307
Grains			
Barley Fut.Sep	£95.25	+0.1	£95.30
Maize	£127.5	......	£126.75
WheatFut.Sept	£100.05	......	£101.30
No2 HardWint	£108.50	—1.5	£105.75
Other commodities			
Cocoa ship't*	£850	—5.0	£952
Future Sept	£789.5	—5.0	£866.5
Coffee F't Sept	£734.5	—11.0	£979
Cotton A.Index	87.40c	—0.1	87.45c
Gas oil July	$285	+2.75	$275.00
Rubber (kilo)	58.5p	—1	56.0p
Sugar (Raw)	£200r	—8	£189
Woolt'ps 64s kl	361p kilo	......	368p kilo

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, June 23.

Silver and copper were supported by trade buying on indications that economic activity will pick up later in the year. A pig-crop report bullish for distant months brought bear-spreading into the markets. Opening of export registrations by Colombia pushed coffee prices to new contract lows. Sugar advanced moderately on indications that Syria and Egypt would be buying shortly. Cotton prices rose on reports of intense heat in Texan growing areas. Heating oil rose slightly on rumours of Saudi production cutbacks. Grains and soyabeans declined moderately on warm dry weather forecasts, reported by Heinold.

[illegible] 78.35-78.40 (78.05), Aug. 78.75, Sept. 81.10-81.20, Dec. 84.80-84.80, Jan. 85.75, March 88.00, May 89.90, July 91.90, Sept. 93.90, Dec. 96.90, Jan. 97.90, March 99.90.

Potatoes (round whites)—Nov. 73.4 (73.8), Feb. 78.1-80.0 (79.8), March 83.5, April 94.3-94.5. Sales: 147.

¶Silver—June 1017.0 (1015.0), July 1018.0-1020.0 (1018.0), Aug. 1033.6, Sept. 1047.0-1051.0, Dec. 1089.0-1092.0, Jan. 1103.3, March 1130.0, May 1156.3, July 1182.8, Sept. 1209.3, Dec. 1249.1, Jan. 1262.4, March 1288.9. Handy and Harman bullion spot: 1023.00 (1017.00).

Sugar—No. 11: July 16.12-16.15 (16.03), Sept. 16.45-16.46 (16.12), Oct. 16.45-16.55, Jan. 16.60-16.69, March 16.91-16.95, May 17.10, July 17.20-17.31, Sept. 17.30-17.40, Oct. 17.40-17.50. Sales: 9,380.

Tin—583.00-590.00 (584.00-594.00).

CHICAGO, June 23.

Lard—Chicago loose 19.25 (19.50).

Live Cattle—Aug. 68.70-68.65 (68.82), Oct. 66.00-65.90 (65.92), Dec. 66.85-66.75, Feb. 67.50-67.35, April 68.30, June 69.60.

Live Hogs—July 54.42-54.60 (54.52), Aug. 54.95-55.15 (54.42), Oct. 53.65-53.80, Dec. 56.50-56.30, Feb. 56.92, April 56.00, June 57.50, July 58.50, Aug 58.40.

‡‡Maize—July 340¾-341¼ (341¼), Sept. 349¼-349½ (350½), Dec. 357-356½, March 370½-370½, May 378¼, July 382¾-382½.

†Soyabeans—July 711½-713 (713½), Aug. 720½-722 (723¾), Sept. 732, Nov. 748-749, Jan. 767-768, March 789½, May 806-805, July 818½.

‖Soyabean Meal—July 201.3-201.5 (202.6), Aug. 204.4-204.5 (205.7), Sept. 207.5, Oct. 210.0, Dec. 216.5-217.0, Jan. 219.0-220.0, March 226.5-227.5, May 230.5-231.0, July 234.0-235.0, Aug. 236.0-237.0.

Soyabean Oil—July 22.41-22.43 (22.47), Aug. 22.85 (22.94), Sept 23.28, Oct. 23.65-23.70, Dec 24.40-24.35, Jan. 24.75, March 25.25, May 25.84, July 26.30, Aug. 26.15-26.30.

†Wheat—July 388¾-387¾ (392½), Sept. 407½-407 (411¼), Dec. 433-432½, March 453½, May 464, July 470½.

WINNIPEG, June 23.

§Barley—July 142.30 (143.60), Oct. 138.50 (139.60), Dec. 138.40, March 139.70, May 142.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. † $ per metric ton.

Monday's closing prices

NEW YORK, June 22.

††Cocoa—July 1365 (1354), Sept 1451 (1443), Dec 1565, March 1655, May 1720, July 1780, Sept 1830. Sales: 1,951.

Coffee—"C" Contract: July 89.10-89.40 (98.39), Sept 93.28 (97.28), Dec 90.19, March 88.75, May 89.20, July 88.25, Sept 88.26. Sales: 1,580.

Cotton — No. 2: July 84.35-84.40 (84.35), Aug 82.40-83.00 (82.40), Oct 79.25-79.30, Dec 77.35-77.45, March 78.80-78.90, May 80.05-80.21, July 81.70-82.05, Oct 81.60-82.05, Dec 80.00-80.50. Sales: 4,300.

Heating Oil (cents per U.S. gallon)—July 0.9065 (0.9050), Aug 0.9192 (0.9153), Sept 0.9325, Oct 0.9470, Nov 0.9645, Dec 0.9802, Jan 0.9940, Feb 1.0075, March 1.0150, April 1.0225, May 1.0250, June nil, July 1.0075, Aug 1.0175. Turnover: 4,053.

Orange Juice — July 132.80-133.10 (133.25), Sept 136.00 (136.15), Nov. 138.50-138.80, Jan 141.50-141.75, March 143.00-143.25, May 144.30-144.60, July 145.85, Sept 147.10-147.40, Nov 148.40-148.90. Sales: 650.

CHICAGO, June 22.

Chicago Imm Gold — June 464.5 (459.3), July 465.8 (461.3), Sept 473.5-478.0, Oct 484.1, Dec 495.9, Jan 502.0, March 514.0, April 520.1, June 532.2.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2390 (2396), Nov 2300 (2290), Jan 2345, March 2387, May 2416.

EUROPEAN MARKETS

ROTTERDAM, June 23.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent July 201, Aug. 205, Sept. 207. U.S. No Two Red Winter June 147, July 150. U.S. No Two Northern Spring 14 per cent July 194, Aug. 193, Sept. 198.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat June/July 153, Aug. 156, Sept. 158.50, Oct./Dec. 162.75, Jan./Mar. 172.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports afloat 284.50, July 284, Aug. 286.50, Sept. 290.50, Oct. 295.50, Nov. 296, Dec. 302, Jan. 308, Feb. 314, Mar. 318.50, April 321.50, May 323.50. Argentine June/July 278, Aug. 281 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 234.50 traded June/July 238, Aug. 244, Sept. 250, Oct. 256, Nov./Mar. 265 sellers. Brazil Pellets afloat 245, July 248, Aug. 253, Sept. 258, Oct. 263, Nov./Mar. 276 sellers.

PARIS, June 23.

Cocoa—(FFr per 100 kilos): July 850/880, Sept 890/914, Dec. 955/965, Mar. 990/1010, May 1015/1027, July 1035/1047. Sales at call: nil.

Sugar—(FFr per tonne): Aug. 2448 asked, Oct. 2350/2355, Nov 2340/2365, Dec. 2355/2355, Mar 2442/2445, May 2465/2490, July 2470/2520, Aug. 2480/2540. Sales at call: 32.

INDICES

FINANCIAL TIMES

June 22	June 19	Month ago	Year ago
246.37	248.69	—	266.06

(Base: July 1, 1952=100).

MOODY'S

June 22	June 19	Month ago	Year ago
1088.6	1088.0	1078.8	1154.5

(December 31, 1931=100)

DOW JONES

Dow Jones	June 22	June 19	Month ago	Year ago
Spot	374.26	375.81	391.80	433.47
Fut'r's	376.22	378.47	394.97	443.89

(Average 1924-25-26=100)

REUTERS

June 23	June 22	M'nth ago	Year ago
1737.0	1749.9	1696.1	1676.6

(Base: September 18, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£6.00, codlings £2.50-£3.50. Large haddock £5.00-£5.60, medium £4.00-£4.60, small 2.00-3.40. Large plaice £5.70-£6.20, medium £4.90-£5.30, best small £3.90-£5.50. Lemon soles (large) £9.00, (medium) £8.00. Rockfish 2.80-£3.90. Saithe £2.20-£2.70.

LONDON STOCK EXCHANGE

Lack-lustre day relieved by fresh advance in Gilts and flare-up in Banks—BP new shares make unexciting debut

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug. 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Official U.S. predictions of a downturn later this year in American interest rates gave Gilt-edged securities cause yesterday to extend the previous day's gains. Institutional investors were not tempted, however, and the volume of trade remained light. Nonetheless, quotations of both shorts and longs held early rises ranging to ½ with sentiment throughout the sector underpinned by the firmer sterling exchange rate.

Equities initially followed Gilts higher, but investment interest here, too, was found to be lacking. The major clearing Banks provided a notable exception, advancing strongly under the lead of Lloyds; the subject of vague talk of U.S. bid possibilities, property valuations and an impending market raid, Lloyds rose to 398p before closing 12 up at 390p. The other clearers also came back from the best.

First-time dealings in both forms of British Petroleum new nil-paid shares resulting from last week's bumper rights issue failed to generate activity. BP new opened at 43p premium and touched 38p premium before closing at 40p premium; BP (HMG) new began at 30p premium and settled at 24p premium.

Lloyds below best

Company trading announcements resulted in odd pockets of activity among the equity sectors, but many situation issues were unusually subdued. The overall indecision in leading shares was reflected in the FT Industrial Ordinary share index, which, after posting a gain of 1.5 at the first calculation, eased progressively to stand a net 0.5 down at 3.00 pm before improving after-hours to end 0.2 harder on balance at 544.5. Apart from BP, down 9 at 312p ex-rights, price movements in the constituents rarely exceeded two pence.

Traded options attracted 1,136 contracts, much in line with Monday's 1,104. Business was more widely-spread than of late, although BP still recorded 338 deals, 129 of which were struck in puts. Grand Metropolitan and Lonrho also attracted a useful business and were dealt 167 and 117 times respectively.

Existing market conditions militated against a good reception for Zygal Dynamics, the latest newcomer to the unlisted securities market; after opening at 93p, the price reacted to the placing price of 89p. Still influenced by Press sell advice, Star Computers fell 6 more to 192p.

A large buying order for Lloyds Bank revived speculation about possible U.S. bid moves within the sector and helped the major clearers to close firm, but below the day's best. With stock in short supply, Lloyds rose sharply to 398p before finishing a net 12 better on the day at 390p, while the 7½ Convertible 1984 ended 5½ points up at £107. NatWest closed 7 dearer at 385p, after 388p, and Barclays rose 5 to 430p, after 434p. Bank of Scotland did well with a gain of 11 at 411p, while Royal Bank of Scotland, still awaiting the Monopolies Commission's report on the Hongkong and Shanghai/Standard Chartered bids, added 5 at 189p, after 190p. Elsewhere, Hambros featured merchant banks with a rise of 50 to 940p in response to the good preliminary results and share subdivision proposals; the associated Hambro Life Assurance hardened 3 in sympathy to 397p. The figures buoyed others in the sector especially Leopold Joseph, which put on 18 to 260p, and Arbuthnot Latham, 10 to the good at 320p. Hill Samuel appreciated 8 at 161p and Kleinwort Benson hardened 4 to 262p. In Hire Purchases, FNFC recovered from an initial easier level of 32p to close a penny firmer on balance at 34½p following the first-half profits upsurge.

Leading Breweries held steady-to-firm although the level of business again left much to be desired. Interest in regional issues was mainly confined to those operating in the Nottingham area; Mansfield featured with a gain of 14 to 236p following the near-30 per cent jump in annual profits; Home firmed 10 to 495p in sympathy. Elsewhere, Distillers responded to scattered support and added 3 more to 225p.

The Building sector passed an extremely quiet trading session with most quotations rarely moving far from overnight levels. BPB hardened 3 to 243p in front of today's preliminary figures.

Stores idle

Stores passed an exceptionally quiet session and few movements of note were discernible at the close. The leaders trended firmer at the outset, but most reverted to overnight levels with the exception of Debenhams which retained a gain of 3 at 105p. Secondary counters drifted easier. Polly Peck shed 5 more to 358p, while Cornell Dresses gave up a similar amount to 170p.

Leading Electricals turned reactionary after the recent bout of buying activity awaiting annual figures from Plessey and Racal. Final quotations were above the worst and losses on the day were usually modest. Racal ended 4 off at 372p, after 370p, and Plessey 3 cheaper at 327p, after 326p, while GEC *touched 698p before settling only* a shade cheaper on balance at 703p. Ferranti, however, firmed 10 to 525p in front of today's preliminary statement. Scan Data, on the other hand, fell that amount to 140p, while losses of 5 were marked against Kode, 295p, and Eurotherm, 300p.

An uneventful day's trade in the Engineering leaders left quotations with small mixed movements at the close. The occasional company trading statement helped to enliven the day's proceedings elsewhere but further consideration of the preliminary results caused dullness in Anderson Strathclyde, which eased 4 to 97p. In contrast, Tecalemit firmed 3 to 57p, the lower annual profits being outweighed by the maintained dividend. Other firm spots included Davy Corporation, 4 higher at 184p, S. W. Farmer, 6 up at 160p, and Deritend, 5 to the good at 96p, the last-named following the full report. Revived selling left Westland 4 cheaper at 120p, while scattered offerings prompted a fall of 3 to 58p in Tex Abrasives.

Silentnight rise

Selected Food Retailers made headway under the lead of J. Sainsbury, 10 dearer for a two-day gain of 19 at 409p. Bejam rose 5 to 126p, but Linfood bucked the trend and eased 6 to 140p. R. Paterson improved 3 to 65p on the increased full-year profits and dividend, while renewed demand in a narrow market lifted Somportex 50 to 950p.

Reflecting the chairman's statement at the AGM, Silentnight touched 90p before closing 6 higher at 88p. Elsewhere in miscellaneous industrials, Barget rose 9 to 182p following the results, while demand ahead of today's annual figures left Chubb 4 up at 95p. Kleen-E-Ze, preliminary results due on Friday, firmed 3 more to 75p and Ricardo added 18 afresh to 488p on further investment support. Vinten gained 10 to 260p as did Aeronautical and General, to 400p. Halma touched 120p on news of the satisfactory results and proposed 1-for-3 scrip issue before easing late to close unchanged on balance at 116p. Elswick Hopper cheapened a penny to 12½p on disappointing results, while Whitecroft shed 3 to 60p on further consideration of the poor annual figures. Camrex eased 2 to 42p, after 40p, and Sothebys relinquished 7 at 500p. With the exception of Turner and Newall, which hardened the turn to 92p, the leaders sustained minor losses. Unilever declined 5 to 575p and Bowater 2 to 265p. Still reflecting the disappointing result of the group's £82m Convertible issue, BOC International eased a penny more to 122p.

BP ex rights

Hawley Leisure jumped 5 to 85p on the sale of the company's 21 per cent holding in Pritchard Services for £9.93m. Pritchard, up to 168p earlier, reverted to unchanged at 163p.

Interest in Properties was at *an extremely low ebb.* Evans of Leeds were an isolated feature, rising 5 to 160p in response to the increased dividend, higher profits and proposed 100 per cent scrip-issue. Haslemere Estates hardened 4 to 392p and Land Securities edged forward 2 to 392p, but MEPC, at 230p, lost 2 of the previous day's Press-inspired improvement of 6.

First time dealings in British Petroleum ex the rights issue proved disappointing. The new nil-paid shares opened at 43p premium and drifted off to 38p premium before closing at 40p premium, while the HMG shares fell from an opening of 30p premium to close at the day's lowest of 24p premium. The old Ordinary were quoted at 312p xr, down 9p. Elsewhere, most quotations held quietly steady at slightly lower levels.

Dealings in United City Merchants, suspended last Friday at 29p, were resumed yesterday at 39p, or a penny below the agreed cash offer from Arab Asian.

Among the scattered improvements in Trusts, Berry firmed 5 to 179p and General Stockholders 6 to 197p, while RIT edged up 4 to 357p.

Late interest left British and Commonwealth 6 dearer at 298p in Shippings.

Textiles moved narrowly around the overnight levels. Dawson International added 2 more to 190p, while the increased annual profits and dividend left Nova (Jersey) Knit a penny harder at 78p. Tern-Consulate, on the other hand, lost 3 of Monday's speculative gain of 12 to close at 58p; the joint managing director has denied that bid talks are taking place.

Rothmans International returned to favour and firmed 4 to 68p.

Plantations traded quietly and movements were few, although Baraoora Tea were marked 5 higher at 138p on the return to profits and the 100 per cent scrip issue.

Charter disappoint

Charter Consolidated featured mining markets, continuing their advance to 247p yesterday morning before disappointment with the full-year figures saw the price drop to 235p for a fall of 5 on the day. Consolidated Gold Fields were finally 2 lower at 455p, after 458p, and Rio Tinto-Zinc closed unchanged on balance at 535p, after 540p.

Gold continued to trade within a narrow range, closing at $465.50, up $3. The Gold Mines index put on 2.9 to 315.0.

Some U.S. buying lifted South African Golds around the middle of the day, but this was confined to specific issues and the market as a whole was mixed. Among the higher-priced shares, Hartebeest gained ¾ to £28, while gains of around ¼ were common to Free State Geduld, £16, President Brand, £15¼, St Helena, £15½, and Southvaal, £15.

Doornfontein were the best of the cheaper-priced issues with a rise of 14 to 999p, while Welkom gained 13 to 600p. Free State Saiplaas lost 11 to 262p.

South African Financials were mostly better where changed, led by Gold Fields of South Africa, where U.S. demand boosted the price 1½ to £37, and Amgold, ½ firmer at £42¼. In Diamonds, Anamint jumped ¾ to £45, while Impala became a lively market in Platinums and gained 10 to 350p.

Australians drifted on lack of interest, with overnight domestic markets providing no clear lead. Peko-Wallsend rallied 10 from its recent losses to close at 465p, but [illegible] Minerals, a strong market of late, reacted on profit-taking and gave up 10 to 400p.

FINANCIAL TIMES STOCK INDICES

	June 23	June 22	June 19	June 18	June 17	June 16	A year ago
Government Secs.	66.48	66.15	65.76	66.16	66.67	66.70	69.65
Fixed Interest	67.82	67.45	67.35	67.76	67.84	68.00	70.90
Industrial Ord.	544.5	544.3	541.4	541.1	544.8	551.4	462.7
Gold Mines	315.0	312.1	313.7	321.2	324.2	327.5	324.5
Ord. Div. Yield	5.90	5.89	5.94	5.96	5.91	5.84	7.75
Earnings, Yld. % (full)	11.75	11.75	11.85	11.85	11.76	11.62	18.65
P/E Ratio (net) (*)	10.61	10.61	10.52	10.53	10.61	10.74	6.53
Total bargains	18,285	18,500	17,082	18,484	18,104	19,522	19,891
Equity turnover £m.	—	89.76	118.51	135.50	106.67	157.13	101.26
Equity bargains	—	13,045	14,003	15,764	13,652	15,849	15,394

10 am 545.8. 11 am 545.0. Noon 544.8. 1 pm 543.9. 2 pm 543.7. 3 pm 543.8.

Latest Index 01-246 8026.

*Nil=9.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/6)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/6)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	281.4 (23/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 22	June 19
—Daily		
Gilt Edged Bargains	149.9	133.7
Equities Bargains	84.5	96.7
Value	181.4	232.6
5-day Avrge.		
Gilt Edged Bargains	145.2	155.5
Equities Bargains	93.7	92.8
Value	245.6	279.2

NEW HIGHS AND LOWS FOR 1981

NEW HIGHS (62)

BRITISH FUNDS (2)

COMMONWEALTH & AFRICAN LOANS (1)

AMERICANS (1)

BANKS (7)

BEERS (3)

BUILDINGS (1)

CHEMICALS (1)

ELECTRICALS (2)

ENGINEERING (2)

FOODS (4)

HOTELS (1)

INDUSTRIALS (9)

INSURANCE (2)

MOTORS (2)

NEWSPAPERS (1)

PAPER (2)

PROPERTY (1)

SHIPPING (1)

SOUTH AFRICANS (2)

TEXTILES (2)

TRUSTS (2)

OVERSEAS TRADERS (3)

TRUSTS (1)

London Merchant Defd.

OIL & GAS (4)

Burmah Oil — Atlantic Resources

CCP North Sea — Strata Oil

MINES (5)

East Rand Prop. — Randfontein Ests.

West Rand — Western Deep

Loraine

NEW LOWS (16)

STORES (2)

Gt. Universal — Paradise (B)

ELECTRICALS (1)

Scan Data

INDUSTRIALS (1)

Letraset

NEWSPAPERS (1)

Int. Thomson Corp.

TEXTILES (1)

Snia Viscosa Priv.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	86	—	9
Corpns. Dom. and Foreign Bonds	20	—	49
Industrials	189	202	976
Financial & Props.	98	61	335
Oils	11	32	47
Plantations	2	4	17
Mines	45	39	84
Others	41	84	64
Totals	492	422	1,581

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barget	182	+ 9	Midland Bank	330	+ 2
Charter Cons.	235	− 5	Pritchard Services	163	—
GEC	703	− 2	Racal Electronic	372	− 4
Grand Met.	216	+ 1	Silentnight	88	+ 6
Hawley Leisure	85	+ 5	U. City Merch.	39	—
Lloyds Bank	390	+12	*Westland*	120xd	− 4

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Polly Peck	17	363	− 5	Star Computer	12	198	−12
BOC 9% Cnv.	15	£97	− 1	First Nat. Fin.	11	33½	+ ½
RTZ	14	535	+10	Cmbrdg. Elec.	10	89	+ 3
Euro. Ferries	13	80½	− 2½	De Beers Dfd.	10	375	− 3
GEC	13	705	+16	Racal Elec.	10	376	+ 9
Cns Gold Flds	12	457	+ 5	Royal Ins.	10	388	+ 6
Intasun	12	78	—	BP	9	326	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2

For rate indications see end of Share Information Service

Demand for Options remained subdued. Calls were arranged in Cambridge Electronic, Tozer Kemsley and Millbourn, Tern-Consulate, BP, Gotaas-Larsen, K.O. Boardman, Arbuthnot Latham, Ibstock Johnsen, BSR, Laganvale Estates, Burmah Oil and Target Petroleum. Puts were done in Mills and Allen and Chloride, while doubles were taken out in Burmah Oil and Carless Capel.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., June 23, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. June 22 Index No.	Fri. June 19 Index No.	Thurs. June 18 Index No.	Wed. June 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	347.06	−0.1	10.68	4.48	11.59	347.28	344.36	343.18	344.24	258.92
2	Building Materials (25)	300.97	+0.3	13.92	5.78	8.70	300.10	299.19	300.74	300.64	245.90
3	Contracting, Construction (28)	553.16	−0.5	16.75	5.09	6.99	556.21	556.43	558.53	558.28	371.57
4	Electricals (28)	1098.91	−0.4	7.88	2.35	15.77	1103.81	1085.39	1067.80	1070.79	668.56
5	Engineering Contractors (11)	486.52	+0.4	12.33	5.55	9.76	484.45	484.16	486.48	489.47	383.79
6	Mechanical Engineering (70)	213.06	+0.2	13.27	5.69	9.40	212.74	211.87	212.95	213.34	167.93
8	Metals and Metal Forming (13)	158.62	−0.1	10.31	7.61	12.82	158.71	158.56	161.03	164.13	164.98
9	Motors (21)	101.66	−0.1	4.64	6.87	58.21	101.80	101.82	101.45	102.60	101.36
10	Other Industrial Materials (18)	381.21	+0.6	9.53	5.25	12.63	378.79	375.77	376.38	376.16	0.00
21	CONSUMER GROUP (195)	283.72	+0.1	12.57	5.64	9.72	283.45	282.18	282.82	284.39	216.24
22	Brewers and Distillers (20)	323.90	+0.5	14.15	5.94	8.44	322.19	320.58	320.54	321.64	285.94
25	Food Manufacturing (21)	257.12	+0.1	15.17	6.43	7.93	256.97	257.31	257.56	259.27	205.07
26	Food Retailing (14)	532.08	+1.0	9.33	3.34	12.76	526.86	520.43	523.21	527.48	327.84
27	Health and Household Products (7)	334.27	−0.3	8.29	4.38	14.38	335.19	330.29	330.82	333.55	213.68
29	Leisure (22)	430.08	—	11.58	5.11	10.50	430.06	425.58	426.16	428.09	332.40
32	Newspapers, Publishing (12)	502.81	−0.2	11.84	5.65	12.11	503.69	506.11	504.75	508.61	431.03
33	Packaging and Paper (13)	148.36	−0.5	13.49	7.19	8.81	149.08	148.13	148.71	150.12	131.13
34	Stores (44)	265.31	−0.3	10.86	4.98	12.06	266.00	266.41	267.48	268.39	222.88
35	Textiles (23)	162.86	−0.6	8.35	5.63	16.39	163.80	162.06	162.85	164.29	127.16
36	Tobaccos (3)	263.19	+0.7	21.97	9.43	5.22	261.45	259.96	260.57	262.45	221.75
39	Other Consumer (16)	304.20	+0.5	6.03	6.25	29.21	302.65	302.66	301.58	302.28	0.00
41	OTHER GROUPS (79)	228.51	−0.3	13.36	6.63	9.08	229.24	228.23	228.27	230.34	214.61
42	Chemicals (15)	282.91	−0.6	11.51	7.34	10.86	284.57	282.46	281.65	287.52	312.64
44	Office Equipment (6)	116.37	−0.7	15.86	7.19	7.44	117.15	117.89	116.15	116.55	108.46
45	Shipping and Transport (13)	549.69	+0.2	15.56	6.91	7.58	548.73	555.15	561.38	553.44	540.67
46	Miscellaneous (45)	298.63	−0.1	13.97	5.60	8.61	298.96	296.07	297.06	298.98	258.95
49	INDUSTRIAL GROUP (488)	297.75	—	11.96	5.33	10.24	297.80	296.03	295.99	297.50	237.46
51	Oils (12)	699.28	−1.6	24.04	8.20	4.61	710.65	707.20	708.56	741.75	805.51
59	500 SHARE INDEX	330.31	−0.3	13.99	5.81	8.50	331.25	329.34	329.41	333.32	282.30
61	FINANCIAL GROUP (118)	260.33	+0.7	—	5.61	—	258.65	256.00	257.32	258.39	217.44
62	Banks (6)	269.33	+1.8	34.04	6.73	3.42	264.52	260.31	262.52	264.45	236.35
63	Discount Houses (10)	280.75	−0.2	—	8.03	—	281.22	281.25	280.69	280.22	265.07
64	Hire Purchase (3)	259.01	+0.3	12.65	7.02	11.06	258.14	257.59	256.65	256.39	213.26
65	Insurance (Life) (10)	264.81	+0.1	—	5.71	—	264.43	261.58	261.85	262.52	203.38
66	Insurance (Composite) (9)	167.36	−0.5	—	7.61	—	168.13	165.87	166.44	166.76	143.82
67	Insurance Brokers (8)	389.82	+0.2	11.45	5.95	11.85	389.10	385.12	385.24	387.15	313.21
68	Merchant Banks (13)	174.42	+3.1	—	4.68	—	169.17	168.19	168.72	168.88	126.93
69	Property (49)	471.68	+0.3	3.75	2.93	37.11	470.35	467.15	471.25	472.86	403.37
70	Miscellaneous (10)	178.37	+0.9	17.84	5.81	6.81	176.74	177.31	178.08	178.76	135.55
71	Investment Trusts (109)	310.42	+0.2	—	5.07	—	309.76	308.84	309.08	310.05	239.49
81	Mining Finance (3)	250.77	−0.4	13.67	5.35	8.57	251.71	247.42	249.86	246.33	220.26
91	Overseas Traders (20)	453.70	+0.1	11.32	6.55	11.00	453.23	452.00	452.03	452.80	387.15
99	ALL-SHARE INDEX (750)	316.55	−0.1	—	5.73	—	316.80	314.70	315.14	317.97	267.86

FIXED INTEREST

	PRICE INDICES	Tues. June 23	Day's change %	Mon. June 22	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.10	+0.31	107.77	—	5.01
2	5-15 years	106.14	+0.58	105.52	—	6.38
3	Over 15 years	107.89	+0.52	107.33	—	7.78
4	Irredeemables	120.16	+0.67	119.35	—	6.46
5	All stocks	107.07	+0.47	106.57	—	6.32
6	Debentures & Loans	83.92	+0.67	83.36	—	5.28
7	Preference	63.57	+0.10	63.51	—	3.43

	AVERAGE GROSS REDEMPTION YIELDS		Tues. June 23	Mon. June 22	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.22	12.33	11.80
2		15 years	12.73	12.79	11.20
3		25 years	12.91	12.96	11.80
4	Medium Coupons	5 years	14.04	14.17	13.15
5		15 years	14.61	14.71	13.30
6		25 years	14.20	14.27	13.29
7	High Coupons	5 years	14.11	14.26	13.29
8		15 years	14.82	14.90	13.64
9		25 years	14.44	14.49	13.67
10	Irredeemables†		12.32	12.40	11.17
11	Debs & Loans	5 years	15.19	15.48	13.85
12		15 years	15.27	15.40	13.97
13		25 years	15.35	15.40	13.98
14	Preference†		15.62	15.64	15.02

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£24½	−⅛	Q$1.40	—	2.7	—
§35	F.P.	22/7	37	30	AlliedResidential 10p	32	......	b2.45	2.0	10.9	6.7
Ir£0.50	F.P.	19/6	40	34	✻Bula Resources	36	......	—	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Business Comp Syst	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambridge Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Energy Res. & Service	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	G.T.GlobalRec.Inv Tst	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Harvey & Thompson	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻ICC Oil services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Intasun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mexico Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻M'film R'graph.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Selec TV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Stanelco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Star Computer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Murray Technology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Trident Comp.Serv.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻UnitedCeramic Dist	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✻Zygal Dynamics	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 192.6 92.7 ... 14.56
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp.
Gruneburgweg 113, 6000 Frankfurt
Investa DM33.82 35.55 +0.25 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. June 16 $4.90 5.15 ... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.71 18.15 +0.09 —
Int. Rentenfonds DM63.16 64.74 −0.06 —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV June 16 US$33.11 35.22 ... —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 39.0 40.9 ... 7.20
DL International $1.34 1.41 ... 5.30

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 162.0 173.8 ... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.0 70.3 ... 7.11
E. A. Sterling* £69.04 69.05 ... —
E. A. Equity* £70.04 74.52 ... 1.68
Wardgate Cm. Fd.** £17.20 17.80 ... 2.79
*Next dealing June 24. **Next dealing June 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex 8814408.
Euro Hldgs. US$20.24 20.84 +0.19 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$42.76 +0.24 1.92

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$12.27 ... 1.22
F. & C. Oriental Fd. US$24.80 ... 0.40
Prices June 10. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$42.01 −0.28 1.19
Am. Vals. Cum.Pf. $3 $101.50 ... —
American Vals. Com.* $18.69 ... —
Dollar Savings Trust US$80.73 +0.04 17.35
Far East US$34.76 ... —
International US$45.66 ... —
Pacific US$106.74 ... —
World US$26.40 ... —

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 146.8 156.6 ... 3.25
H.S. Fixed Int. Fd. 91.0 96.0 ... 12.70
Box 2622, Bern, Switzerland. Telex 33425.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.85 3.03 ... 0.56
OCSm. Co.** 121.9 129.4 ... 2.55
O.C. Commodity* 96.1 ... 6.90

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	62.4	67.1	-0.7	2.16
Abbey Capital	50.6	54.7	-0.1	4.02
Abbey General	59.7	64.6	+0.2	4.75
Abbey Gilt & F.I. Tst.	100.9	106.2xd	+0.3	12.34
Abbey Income	38.8	42.0	-0.1	8.36
Abbey W'w.Bd.Tst.	92.5	98.9xd	-0.6	6.77
Abbey Inv. Ts. Fd.	53.9	58.3	+0.1	4.12
Equitas Prog. Tst.	84.7	91.6	+0.1	4.47

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.3	88.4	+0.2	13.01

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	94.2	100.8	+0.2	5.56
Brit. Inds. Fund	79.9	85.5xd	+0.1	5.96
Growth & Income	54.8	58.6	+0.2	4.27
Elect. & Ind. Dev.	47.5	50.8	----	4.92
Allied Capital	102.1	109.2	+0.4	4.03
Hambro Fund	138.6	148.3xd	+0.5	5.41
Hambro Acc. Fund	194.9	208.5	+0.7	3.95
Income Funds				
High Yield Fd.	71.4	76.4	----	7.85
High Income	85.3	91.3	+0.1	7.01
Equity Income Fd.	49.3	52.8	+0.2	6.95
Govt. Secs.	24.3	24.9	+0.1	12.45
International Funds				
International	38.7	41.4	-0.1	2.00
Japan Fund	31.7	33.8xd	----	0.20
Pacific Fund	80.4	86.0xd	-0.2	0.73
Secs. Of America	86.1	92.1xd	-0.9	1.79
Specialist Funds				
Smaller Co.'s Fd.	60.8	65.1	----	3.99
2nd Smlr. Co's Fd.	75.1	80.4	+0.1	3.75
Recovery	29.3	31.4	----	4.49
Met. Min. & C'dty.	67.8	72.5	-0.4	5.06
Overseas Earnings	72.7	77.8xd	+0.1	4.74
Exempt Funds				
Income Exempt	55.3	58.1xd	----	7.49
Far East Exempt	85.0	88.4xd	-0.1	0.90
Smaller Co. Exempt	98.2	103.1	+0.1	3.83
U.S.A. Exempt	140.3	145.9	-1.5	2.12

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	71.2	76.9	----	3.22

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	165.0	175.0	----	9.21
Leics.&Gen.Fd.	54.0	57.0	----	6.82

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	42.75	45.00	----	3.22
Do. Accum.	54.40	57.25	----	3.22

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital	36.9	39.7	----	----
Commodity	94.7	102.2	----	2.12
(Accumulation)	149.6	161.5	----	2.12
(10% Withdrawal)	68.8	74.3xd	----	2.12

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.8	41.3	+0.2	11.01
North American	71.0	75.7	-0.6	2.22
Canadian Exempt*	77.1	81.5	+0.2	2.83
Canadian Trust	70.2	75.8	-1.1	2.33
Mid Mount High Inc.*	50.2	53.1	-0.1	9.07
Recovery	60.3	65.8	-0.1	6.53
Gilt Trust	41.0	42.9xd	+0.1	13.50

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	47.4	51.1	-0.7	0.49
Cres. Internat'l.	93.1	100.9	-0.6	1.49
Cres. High. Dist.	45.8	49.4	+0.2	9.11
Cres. Reserves	52.9	57.1	+0.2	5.25
Cres. Tokyo	40.7	43.9	----	0.28

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1	----	8.66

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. June 12	252.0	268.8	----	4.94

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0	----	7.48
Gt. Winchester O'seas.	30.5	33.8	----	2.98

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	95.3	100.3	+0.1	4.31

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	43.6	46.9	-0.4	0.46
Ameri.Spec.Sits. (z)	31.7	34.1	-0.3	0.13
Gilt + Fixed Int.	23.6	24.8	+0.1	12.89
Growth + Income	34.9	37.6xd	+0.1	6.90
Maximum Inc. Eq. Tst.	30.6	33.0xd	+0.1	7.92
Special Sits.	43.1	46.4	-0.3	1.63

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	42.8	46.0	----	1.71
Accum. Units	53.2	57.2	----	1.71
J. Finlay High Income	38.0	40.9	----	9.47
Finlay Wld. Energy	18.4	19.8	-0.2	1.15
Accum. Units	23.8	25.6	-0.3	1.15
J. Finlay Fd.In.Tst.	41.5	44.6	----	4.34
Accum. Units	53.8	57.8	----	4.34

Prices on June 17. Next dealing June 24.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	96.0	102.6	-1.4	0.79
Am. T'around	90.0	96.2xd	-0.8	1.39
(Accum. Units)	90.0	96.2	-0.8	1.39
Capital Tst.	67.0	71.6	+0.2	4.24
(Accum. Units)	71.0	75.8	+0.4	4.24
Convertible & Gilt	47.6	50.0xd	+0.2	10.16
(Accum. Units)	48.4	50.8	----	10.20
Extra Income Trust	55.0	58.8	----	8.83
Income Tst.	44.2	47.2xd	----	7.09
Int. Growth Fd.	74.8	80.0	-0.6	1.12
(Accum. Units)	80.6	86.2	-0.6	1.12

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	85.6	92.1	----	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	67.7	72.3xd	-0.1	4.18
Do. Accum.	98.9	105.6	-0.1	4.18

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99⅞	99⅛	Exch. 9½pc 1981	99⅞	......	9.53	11.93
98⅝	93¾	Exch. 3pc 1981	98⅝	+¼	3.04	11.73
99¾	99⅛	Treas. Variable '81§§	99¾	......	12.50	13.05
100⅛	99⅛	Exch. 12¾pc 1981‡‡	100	......	12.75	12.48
98⅞	95⅛	Treas. 8¼pc '80-82‡‡	96xd	......	8.67	12.31
95	91⅞	Treasury 3pc '82‡‡	94¾	+⅜	3.17	11.60
102⅛	100½	Treasury 14pc '82‡‡	101	......	13.86	12.37
99½	98⅝	Treas. Variable '82§§	99½	......	12.53	13.01
96⅛	93⅞	Treasury 8¼pc '82	96⅛xd	+⅛	8.57	12.19
96⅛	93⅞	Exch. 9¼pc 1982	95⅞	+⅛	9.67	13.00
95	92⅝	Exch. 8¾pc 1983	95xd	+⅛	9.21	12.42
89¼	84⅞	Exch. 3pc 1983	88⅝	......	3.39	10.62
99⅝	96⅞	Treasury 12pc 1983‡‡	97⅞	+¼	12.26	13.35
99	96¼	Treas. Variable '83§§	99	......	12.59	13.04
94⅛	91¼	Treasury 9¼pc '83	94xd	+⅛	9.84	12.66
101⅝	98¼	Exch. 13½pc '83	100	+⅜	13.50	13.44
94⅛	91¼	Exch. 10pc 1983	93⅜	+⅜	10.71	13.21
87¼	84½	Funding 5½pc '82-84‡‡	86¼xd	+¼	6.34	11.63
96¼	93	Exch. 11¼pc 1984	94⅞	+¼	11.87	13.60
103⅛	98⅝	Exchequer 14pc 1984	100⅝	+¼	13.91	13.71
80⅝	78½	Exch. 3pc 1984	80½	+¼	3.73	10.82
98⅝	94	Treasury 12pc 1984	95¾	+⅜	12.53	13.59
107¼	101⅞	Treasury 15pc 1985	103½	+⅜	14.49	13.72
98⅞	93⅝	Exch. 12pc Cnv. '85	93⅞	+⅜	12.65	13.67
75⅝	73¼	Treasury 3pc 1985	75½	+¼	3.97	10.85
96⅛	91½	Treasury 11½pc 1985●	93⅝	+½	12.28	13.59
98⅝	93	Exch. 12¼pc 1985	94¾	+⅜	12.93	13.85
97⅛	91	Exch. 11¾pc '86	92¾	+⅜	12.67	13.88
70⅛	68¼	Treasury 3pc 1986●	69⅛	......	4.34	11.40
97⅛	91¼	Treasury 12pc '86	93⅝	+⅜	12.82	13.81
Five to Fifteen Years						
88⅝	82¼	Treasury 8½pc '84-86‡‡	84½xd	+⅝	10.01	12.73
103⅛	96	Exch. 13¼pc 1987	96⅛xd	+½	13.55	13.84
81⅞	75½	Funding 6½pc '85-87‡‡	77⅛	+⅜	8.46	12.18
99½	90½	Treas. 12pc 1987	92⅝	+⅜	13.24	14.25
81⅛	76⅛	Treasury 7¾pc '85-88‡‡	77xd	+½	9.98	12.88
65½	59¼	Transport 3pc '78-88	61⅝xd	+⅜	4.85	10.94
92¼	86¼	Treasury 11½pc 1989	89	+½	13.50	14.78
93	87	Do. A	90¾	+½	13.53	14.79
67¼	62⅛	Treasury 5pc '86-89	64	+¼	7.93	12.19
107½	89⅝	Treasury 13pc 1990‡‡	91⅞xd	+½	14.06	14.53
95⅛	88	Exch. 12½pc 1990	90⅞	+⅝	14.02	14.83
80⅞	73	Treasury 8¼pc '87-90‡‡	75⅝	+½	10.97	13.02
93⅛	82⅛	Treasury 11¾pc 1991	84⅛xd	+½	13.86	14.78
66½	61½	Funding 5¾pc '87-91‡‡	63¼	+½	9.28	12.61
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
Public Board and Ind.						
64	58	Agric. Mt. 5pc '59-89	62	+1	8.05	12.65
29½	26	Met. Wtr. 3pc 'B'	26¾	......	11.60	13.85
114	98½	U.S.M.C. 9pc 1982	105	......	8.57	—
97¼	91	Do. without Warnts.	92½	......	9.80	17.00
Financial						
101½	98	FFI 14pc '83	98¾	......	14.18	14.61
92	88½	FFI(UK Fn)5½pcDb. '80-2	91½	......	6.10	14.56
83½	79	Do. 6¼pcDb. '81-84	79	......	7.99	14.60
93	85½	Do. 10¼pc Uns.Ln. '86	86xd	......	12.20	14.80
92	81¼	Do. 11pc Uns.Ln. '88	83xd	......	13.25	14.50
92	83½	Do. 11¾pc Uns.Ln. '90	84xd	......	13.96	15.10
94½	83½	Do. 12½pc Un. Ln. 1992	88½	......	14.64	15.30
64½	58	Do. 7¼pcADeb. '89-92	59	+½	12.43	14.90
62	57½	Do. 7¼pcADeb. '91-94	58	......	12.96	15.00
72½	67½	Do. 9pc 'A' '91-94	67½	......	13.85	15.20
70	64½	Do. 8¾pcLn. '92-97	64½	......	14.56	15.40

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
80	58	Antofagasta Rly.	80	......	—	—
55	55	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	63.10
28	15	Chinese 4½pc 1898	15	......	—	—
22	14	Do. 5pc 1912	14	......	—	—
18	9	Do. 5pc 1913	9	......	—	—
16	9	Do. 5pc '25 Boxer	9	......	—	—
94	80¼	Denmark 13pc 2005	82¼	+½	13	15.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
43	32	Acmex 50c	43	......	Q2.5c	—	3.4
41	14	ACM 20c	37	−1	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
226	137	Bond Corp.	224	......	Q7½c	1.9	1.9
104	76	Bougainville I Kina	96	−2	Q25.7c	1.0	15.3
302	214	CRA 50c	260	−4	Q19c	1.7	4.2
25	16	Canada Northwest	16	......	—	—	—
35	16	Carr Boyd 20c	18	......	—	—	—
115	80	Central Pacific	95	......	—	—	—
35	15	Cons. Gold Mx. N.L. 50c	15	......	—	—	—
47	28	Cultus Pacific N.L.	34	......	—	—	—
63	22	Eagle Corp. 10c	54	+2	—	—	—
40	29	Endeavour 20c	29½	......	—	—	—
500	310	G. M. Kalgoorlie 25c	410	......	†Q13c	ϕ	1.8
25	9	Great Eastern	9	......	—	—	—
275	180	Hampton Areas 10p	210	......	2.5	ϕ	1.7
168	46	Hanna Gold N.L.	48	......	—	—	—
85	32	Intl. Mining	33	......	—	—	—
100	44	Jimberlana 50c	46	......	—	—	—
245	135	Kitchener NL 25c	160	......	—	—	—
105	40	Leichardt Expln.	55	......	—	—	—
430	275	Meekatharra	400	−10	—	—	—
70	49	Metals Ex. 50c	60	......	§Q3c	2.9	2.6
38	20	Metramar Mins. 20cts.	29	−1	—	—	—
20	10	Mid East Mins. NL.	11	......	—	—	—
290	190	M.I.M. Hldgs. 50c	262	−8	‡Q27.6c	1.7	‡
21	10	Minefields Expl. 25c	14	......	—	—	—
123	83	Mount Lyell 25c	116	......	ϕ†Q15c	1.7	7.5
20	13	Newmetal 20c	16	......	—	—	—
69	41	Nickelore N.L.	62	......	—	—	—
204	149	North B. Hill 50c	190	−2	Q18c	3.1	5.5
84	50	Nth. Kalgurli	71	......	—	—	—
175	94	Nth. Mining Corp.	150	−3	—	—	—
122	36	N. West Mining N.L.	36	......	—	—	—
150	106	Oakbridge 50c	145	......	†Q12c	1.1	4.8
185	138	Otter N. L.	152	......	—	—	—
186	164	Pacific Copper	180	......	—	—	—
505	375	Pancont'l 25c	385	−5	—	—	—
81	42	Paringa M&Ex.5p	81	......	—	—	—
525	375	Peko-Wallsend 50c.	465	+10	ϕQ22½c	ϕ	2.8
43	27	Pelsart Res NL	34	......	—	—	—
120	85	Seltrust A	95	......	—	—	—
157	34	Southern Pacific	42	......	—	—	—
85	40	Swan Resources 20c.	70	−2	—	—	—
100	9½	West Coast 25c	13½	......	—	—	—
325	227	Westn. Mining 50c.	306	−4	Q14c	1.6	2.6
27	16½	Westmex	17	......	—	—	—
76	46	Whim Creek 20c.	56	−4	—	—	—
101	58	York Resources	67	+1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	9	Amal Nigeria 1p	9½	......	‡6.0	—	—
300	245	Ayer Hitam $M1	245	......	‡Q205c	1.0	‡
103	54	Beralt Tin	103	......	ϕ5.0	3.3	6.9
155	98	Geevor	100	......	—	—	—
10	8	Gold & Base 12½p	9½	......	—	—	—
560	540	Gopeng Cons.	540	......	‡30.0	1.8	‡
450	360	Hongkong	360	......	21.0	ϕ	8.3
125	115	Idris 10p	122	......	9.0	ϕ	10.5
16½	13	Jantar 12½p	16½	......	1.5	ϕ	13.0
98	85	Kamunting $M0.50	85	......	‡Q80c	1.0	‡
600	363	Killinghall $M1	600	......	bQ66.7c	ϕ	2.3
114	88	Malay Dredging 10c.	114#	......	ϕbQ38c	0.9	6.8
68	30	Pahang	63	......	0.63	0.8	1.4
118	90	Pengkalen 10p	105	......	3.5	0.6	4.8
380	325	Petaling $M1	325xd	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	‡1.0	4.4	‡
225	200	Sungei Besi $M1	215	......	‡Q480c	1.1	‡
180	95	Supreme Corp. $M1	170	......	gQ15½c	ϕ	1.9
118	116	Tanjong 15p	118xd	......	23.5	ϕ	4.2
90	75	Tongkah H. Tin $M1	75	......	Q23%	0.4	6.1
410	340	Tronoh $M1	340	......	Q110c	1.2	6.6

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
335	165	Messina R0.50	320	......	‡Q45c	4.7	8.3

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	155	−5	—	—	—
55	40	Barymin	45	−1	—	—	—
25½	14	Burma Mines 10p	21½	......	0.75	0.9	5.0
330	180	Colby Res. Corp.	265	+5	—	—	—
275	200	Cons. Murch. 10c.	250	......	tQ30c	1.8	6.9
98	67	††Hemerdon 10c.	67	......	—	—	—
180	135	Highwood Res.	140	......	—	—	—
480	300	Northgate C$1	325	−15	—	—	—
580	372	R.T.Z.	535	......	16.0	3.2	4.3
£125	£93½	Do. 9½% Cu. Ln. '75-2000	£116½	−1½	Q9½%	—	f8.6
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	30	Sabina Inds. C$1	30	−1	—	—	—
44	28	††SWCM 10p	35	......	—	—	—
550	465	Tara Exptn. $1	515	−7	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Regional price.
- No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH Stock	Price	+ or −
Albany Inv. 20p	43	......	Conv. 9% '80/82	£92⅝	......
Bertam	13	......	Nat. 9¾% 84/89	£73	−⅛
Bdg'wtr. Est. 50p	465	......	Fin. 13% 97/02	£78¼	......
Craig & Rose £1	£12¼	......	Alliance Gas	77	......
Finlay Pkg. 5p	21	......	Arnott	232	......
Graig Ship. £1	£20	......	Carroll (P.J.)	88	......
Higsons Brew	70	......	Concrete Prods.	90	......
Holt (Jos) 25p	480	......	Heiton (Hldgs.)	30	+2
I.O.M. Stm. £1	158	+1	Ins. Corp	420	......
Pearce (C. H.)	940	......	Irish Ropes	50	......
Peel Hldgs.	100	......	Jacob	58	......
Sheff. Refrshmt	97	−1	T.M.G.	17	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	5
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½		
Grand Met	18	Thorn EMI	30	**Mines**	
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall.	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday June 24 1981

£250m CREDITS SOUGHT ON EVE OF PARTY CONGRESS

Urgent Polish plea for EEC aid

BY JOHN WYLES IN LUXEMBOURG

EEC GOVERNMENTS are considering an urgent appeal from Poland for $500m (£250m) in new financial aid to help it service its debts and obtain new credits.

So far the British, French, West German and Italian Governments have received requests for extra bilateral credits. *Each is expected to* respond individually but EEC heads of government will try to co-ordinate their approach at the Community summit here next Monday and Tuesday.

This will be the third summit in succession to have discussed help for Poland. The previous occasions focused almost exclusively on cut-price sales of food.

With the crucial Polish Communist Party Congress less than three weeks away community leaders will want to be seen to be sympathetic without making any move which the Soviet Union might exploit for propaganda or other purposes.

They will, however, certainly repeat the Community's warnings on the dire consequences for East-West relations of any interference in Poland's internal affairs.

In discussion of the Polish problem over dinner on Monday evening, EEC Foreign Ministers were worried about the outlook.

In particular, they fear that the outcome of the Congress may be in the words of one EEC official, "non-manageable."

Poland's latest request for aid has taken none of the governments by surprise. Poland warned that it would need another $2.5bn, in April when agreement was reached on rescheduling some $2.6bn of officially-backed debt due for repayment to 15 countries.

With the Polish economy still deteriorating however some EEC capitals are now questioning whether they can continue supplying emergency financing without further assurances that the necessary steps are being taken to tackle the problem.

In Paris today a 19-strong task-force of banks representing Poland's 460 international creditor - banks will again attempt to find a formula for rescheduling commercial debts falling due this year.

● Talks on ways of increasing Polish coal production started in Warsaw yesterday between a Solidarity delegation and a government team headed by the Finance Minister. Mr Marian Krzak, Christopher Bobinski adds.

Reforms attacked, Page 2
Letters, Page 21

More North Sea licences planned

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is planning to announce new offshore oil and gas exploration licences in a few months, in spite of *delays in the allocation of some* concessions offered in the previous round.

It is likely details of the forthcoming eighth round offer *will be made known before the* Energy Department has cleared the backlog of seventh round awards. More than a dozen drilling concessions from the seventh round are caught in a wrangle over environmental problems and a dispute with two French companies over a gas pipeline plan.

The pipeline dispute, with *Total and Elf*, is also causing planning problems with the £1.5bn North Alwyn Field development project and the £2.7bn North Sea gas-gathering network.

The new round of licences is expected to follow the pattern *of the seventh round, although* it is thought fewer blocks will be on offer. Companies bid for almost 100 blocks in the last round.

The new concessions will be offered in different areas of the Continental Shelf, some in well-explored regions like the northern North Sea and others —to the north and west of Scotland and in the South Western Approaches—in remote, deep-water locations.

The Energy Department said last night: "We are currently examining ways in which exploration can be extended."

There is likely to be further pressure from the Treasury again to use at least part of the allocation as a fund-raising exercise. In December, the Government awarded 42 special blocks which the companies, for *the first time, had been allowed* to select themselves. The licensees paid premiums totalling £210m into the Exchequer.

The Government probably will issue licences again on a discretionary basis. Under this system the award of licences can be withheld in the event of a dispute between the Energy Department and the successful applicants.

This is the case with Total and Elf which, with their consortium partners — including Shell, British Petroleum and British National Oil Corporation *—are awaiting the formal award* of a number of seventh-round licences.

Total and Elf are planning to develop, at a cost of £1.5bn, the North Alwyn oil and gas field, 110 miles east of the Shetland Islands. The companies want to transport the gas ashore through the existing Frigg Field pipeline system, in which they have leading interests.

The Governmnt, howvr, wants North Alwyn's gas to b fed nto the planned £2.7bn gas-gathering system. It is argued that North Alwyn could become one of the major suppliers of gas to teh northern leg of Britain's proposed gathering system.

But it is believed that Total and Elf feel that as they could probably transport the gas for a lower tariff through the Frigg pipeline, they need a higher compensatory price for using the proposed British gas-gathering network.

Belvoir clash, Page 8

Bahrain bank in bid for United City

By John Makinson

ARAB ASIAN Bank of Bahrain has launched an agreed bid worth £15m for *United City* Merchants, the London-based international trading group.

The offer has been accepted by Mr Eric Sosnow, UCM's *chairman*, and members of his family, who between them control almost 30 per cent of the equity. Mr Sosnow and his wife will resign from the board if the bid is successful.

Arab Asian is an offshore-bank set up in Bahrain at the beginning of this year. It is a subsidiary of Arab Malaysian Bank, the largest merchant bank in Malaysia, which is in turn controlled by private and institutional Arab interests.

The bid is being made through Orion Bank. Shareholders are being offered 40p a share, which compared with a market price of 29p when UCM's shares were suspended on Friday.

Mr. Sosnow, who is 70, has been *chairman* of UCM since the late 1950s and has been involved in international trading for almost 40 years. Explaining his reasons for accepting the bid, he said yesterday: "I'm getting older."

UCM is an unusually diverse trading company with interests in banking, leather production and timber broking. Its profits *before tax fell* from £3.18m to £1.76m in its last financial year.

Arab Asian is also making an offer for all UCM's preference and loan capital, as well as for the preference capital of two subsidiary companies.

The principal founder of the Arab Asian group is Mr. Hussain Najadi, a well known Bahraini banker. He is also its chairman and chief executive.

Record £2bn credit for Pemex

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BANK OF AMERICA confirmed yesterday that the final amount of the two-year credit facility it has arranged for Mexico's state oil company Pemex has been set at $4bn (£2bn), making it by far the largest single commercial banking transaction ever carried out.

The previous record was held by Seagram, the Canadian distillery group, which raised a $3bn Eurocredit last winter. Even at its original target of $3.5bn the Pemex facility would thus have broken new ground.

The Pemex deal has proved virtually irresistible to banks, however, largely because of its unusual structure. The credit is funded in the U.S. bankers' acceptance market rather than the more conventional Eurodollar deposit market.

Bankers' acceptances are basically short-term foreign trade paper endorsed by the original lending bank which can then be sold in the secondary market on a discount basis. In this case participating banks are receiving a commission of ½ point over their own rate of discount for such paper.

Within certain limits each individual bank has thus been able to set its own rate of interest for the transaction. At the same time the size of the deal has offered smaller U.S. and foreign banks a chance to improve their visibility in the U.S. bankers' acceptance market.

For a high-quality borrower such as Pemex, which can tap the bankers' acceptance market because of its high volume of international business, the total cost of such a borrowing is significantly cheaper than conventional Euroloans.

The success of the transaction will come as welcome news to Mexico, whose gross external borrowing requirement will amount to some $14bn this year. Several other Mexican deals have recently been held up because of legal disputes on the loan documentation.

Bank of America was yesterday maintaining a modest posture. "When I look at the needs of some of my borrowers," said one official, "I'm sure this ($4bn) is going to look like peanuts in a very short space of time."

Zaire granted $1.06bn loan by IMF

BY OUR FOREIGN STAFF

ZAIRE AND the International Monetary Fund reached agree*ment yesterday on a* 912m special drawing right ($1.06bn) three-year credit facility for the central African country. The deal opens the way for further rescheduling of Zaire's estimated $4.4bn (£2.2bn) external debt.

The IMF said in a statement in Washington yesterday that the credit totalled 400 per cent *of Zaire's quota in the Fund*. Regular Fund resources would provide SDR 279m of the credits while the remainder would come from IMF borrowings.

The credit is the biggest ever made to an African country and *follows an SDR 800m* loan to Zambia signed earlier this year. It also signals satisfaction in the Fund that Zaire has gone some way towards disciplining its chronic debt servicing problems.

The loan, which has been the subject of discussion for some time, is likely to prompt a meeting in the near future of the "*Paris Club*" of Zaire's principal Governmental creditors to discuss maturities falling due in bilateral debts between 1981-83.

The last Paris Club meeting on Zaire, in December, rescheduled $1.2bn of debt. Last year bankers in London agreed to reschedule $434m over 10 years.

Without rescheduling, Zaire's 1981 debt commitments are estimated to be more than $800m and there are hopes that, with U.S. backing, up to half of that will be rescheduled in Paris.

The IMF said yesterday Zaire had moved on several fronts recently to improve its economic position over the 1981-83 period. However, "acute maladjustments persisted in the economy."

Lonrho acquires Kuehne shares

BY CHRISTINE MOIR IN LONDON AND JOHN WICKS IN ZURICH

DISASTROUS investments in Panamanian shipping have forced the Swiss Kuehne family to sell or pledge all its shares in Kuehne and Nagel, one of the world's largest international transport groups, to Lonrho, the UK-based international trading group.

Lonrho has agreed to pay DM 90m (£19.11m) for 50 per cent of Kuehne and Nagel, which had a turnover of *SwFr 2.86bn (£720m) in 1979*. In addition, however, the family has had to pledge the other half of the company which is its main asset, as security for a DM 30m loan which Lonrho is to provide to a family company.

The Kuehne family's problems have been known for some time.

Last year, it engaged in ship operating investments outside the Kuehne and Nagel group but partly financed by the group. These resulted in estimated losses of SwFr 90m and led to agreements with Kuehne and Nagel's bankers that the family's affairs should be separated from those of the group.

At that point, the family put half its stake in Kuehne and Nagel up for sale with a price tag of DM 90 mto DM 120m, and earlier this month several companies were said to be bidding for it.

Yesterday, the company was unaware that the family's deal with Lonrho also pledged the remaining half of the group.

Under the share purchase agreement Mr "Tiny" Rowland, chief executive of Lonrho, will become joint chairman of Kuehne and Nagel with Mr Klaus-Michael Kuehne. The family and Lonrho will also nominate three directors each to the supervisory board of the group.

Kuehne and Nagel's profit figures for 1980 will be published next month.

Continued from Page 1

IBM

British Telecom's own plans to offer a satellite communications service have been advancing with surprising speed. It is keen to capitalise on its leadership in what is expected to be a fast-growing and lucrative market.

But, required financial investmetn is heavy, and British Telecom might welcome the opportunity to spread costs by linking with a partner like IBM.

If the Beesley report's recom*mendations are adopted, British* Telecom is certain to face new competition from other quarters.

Cable and Wireless, Barclays Bank and British Petroleum are studying plans to set up an independent communications network offering telephone and data services. The network would use circuits laid along track belonging to British Rail, which may joint the consortium.

British Aerospace formed a partnership with N. M. Rothschild, merchant bank, to broadcast television programmes *throughout Britain and to parts* of Europe by bouncing them off satellites.

Jobless growth

Continued from Page 1

end of the year. The Prime Minister, who will speak in a full-scale Commons debate on unemployment today, admitted that the latest figures were "deplorable."

Over the past year unemployment has risen much more rapidly in the UK than overseas —reflecting the severity of the domestic recession—and the percentage rate is higher in the UK than in most other European countries apart from Ireland and Belgium.

The growth rate in recent months in the UK has, however, been slower than in West Germany and France.

The pressure to lay off workers seems to have eased slightly as output has stopped falling. The latest figures point to a slower decline in employment and a drop in the numbers joining the unemployment register.

Companies are cutting short-time working and increasing hours worked rather than boosting recruitment of new workers. One result is that the demand for new members of the labour *force like school leavers* is depressed.

Similarly, notified vacancies are very low—falling 9,200 in the month to mid-June to 82,500, though monthly changes are not very significant at this level.

The Department of Employment estimates that 305,000 people are being kept off the unemployment register as a result of the Government's various special measures. Some comfort is being drawn from the fact that the rundown of support under the temporary short-time working compensation *scheme has not resulted* in a sudden surge in unemployment.

W. German companies criticised by Moscow

By David Satter in Moscow

A SENIOR Soviet Minister has severely criticised West German business interests for defaulting on contracts in the Soviet Union.

Mr Nikolai Patolichev, the Foreign Trade Minister, said difficulties had arisen because of what he described as "recent defaults" on contracts by "particular West German companies."

In the journal Foreign Trade, Mr Patolichev said the Soviet Union was until now accustomed to regarding the West Germans as "reliable partners."

He did not refer to any specific project, but his criticism is understood to concern the Oskol steel complex, 250 miles south of Moscow.

According to West German officials work on the £270m project has been disrupted by Krupp, the main contractor, *being unable to deliver* 17 U.S. IBM computers because of the U.S. embargo on high technology trade with the Soviet Union.

Soviet displeasure over the failure of the West German companies to deliver promised equipment irrespective of the U.S. embargo was underscored earlier this week in speeches at a Soviet-West German trade seminar organised by Deutsche Bank. Mr Patolichev's strictures on defaulting were echoed by Soviet officials.

Mr V. S. Kudryatsev, the chief engineer at the Oskol project, said in a recent interview in the newspaper Sotsialisticheskaya Industriya that the Soviet Union had found adequate substitutes for the U.S. computers in the form of Soviet SM-4 mini-computers, which are a direct copy of an IBM machine.

Mr Berthold Beitz, the chairman of Krupp, was in Moscow earlier in June on a business visit. He was quoted in the Soviet Press afterwards as criticisng the embargo and expressing confidence in the ability of the Soviet Union to substitute Soviet computers in the complex.

This was reaffirmed in Bonn yesterday by Krupp executives who said a solution would be found involving the inclusion of Soviet technology.

The complex, which is scheduled for completion next year, is to produce millions of tonnes of iron pellets and high quality rolled steel a year.

● In Washington, Mr Malcolm Baldridge, U.S. Secretary of Commerce, said this week that there would have to be a shift in the Soviet Union's actions *internationally before the U.S.* relaxed controls on the export of sophisticated technology.

He said: "I think it is fair to say the recent international behaviour of the Soviet Union has not been conducive to any relaxation of controls on our part."

Soviet trade deficit, Page 6

Weather

UK TODAY

COOL. Cloudy, bright intervals, rain or showers.

Most of England, Wales, N. Ireland, I.o.M., Channel Is.
Rain. Brighter later. Max. temp. 20C (68F).

Scotland, Orkney, Shetland, N.E. England
Dry. Sunny intervals. Max. temp. 15C (59F).

Outlook: Cool. Showers and sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	London	C	20	68
Algiers	S	24	75	L. Ang.†	F	19	66
Amsdm.	S	20	68	Luxmbg.	S	19	66
Athens	S	26	79	Luxor	S	42	108
Bahrain	S	37	99	Madrid	S	26	79
Barclna.	S	22	72	Majorca	C	17	63
Beirut	S	29	84	Malaga	S	25	77
Belfast	C	14	57	Malta	F	27	81
Belgrd.	F	22	72	M'chstr.	C	15	59
Berlin	F	21	70	Melbne.	F	10	50
Biarritz	S	19	66	Mx. C.†		—	—
Bmghm.	C	17	63	Miami†	T	24	75
Blackpl.	C	14	57	Milan	C	17	63
Bordx.	S	21	70	Montrl.†	S	16	61
Boulgn.	F	17	63	Moscow	S	30	86
Bristol	C	17	63	Munich	C	15	59
Brussels	S	20	68	Nairobi	F	25	77
Budpst	C	21	70	Naples	F	21	70
Cairo	S	32	90	Nwcstl.	F	17	63
Cardiff	C	17	63	N York†	S	21	70
Cas'b'ca	F	24	75	Nice	R	16	61
Cape T	S	19	66	Nicosia	S	26	79
Chicg.†	C	16	61	Oporto	S	26	79
Cologne	S	21	70	Oslo	C	19	66
Cpnhgn.	S	22	72	Paris	S	21	70
Corfu	F	25	77	Perth	F	12	54
Denver†	F	19	66	Prague	F	16	61
Dublin	C	14	57	Reykjvk.	S	10	50
Dbrvnk.	R	18	64	Rhodes	S	25	77
Ednbgh.	C	16	61	Rio J'o†		—	—
Faro	F	23	73	Rome	C	20	68
Florence	C	19	66	Salzbrg.	C	14	57
Frankft.	F	20	68	S F'cisc†	F	12	54
Funchal	F	23	73	Singapr.	F	31	88
Geneva	F	17	63	S'tiago†		—	—
Gibraltar	F	25	77	Stckhm.	S	20	68
Glasgow	C	15	59	Strasbg.	S	20	68
G'nsay	S	18	64	Sydney	S	16	61
Helsinki	R	12	54	Tangier	C	23	73
H. Kong	F	30	86	Tel. Aviv	F	26	79
Innsbrk.	F	13	55	Tenerife	S	26	79
Invrnss.	F	17	63	Tokyo	C	28	82
I.o.Man	R	13	55	T'ronto†	C	14	57
Istanbul	F	23	73	Tunis	F	28	82
Jersey	S	20	68	Valencia	R	17	63
Jo'burg	S	14	57	Venice	L	19	66
L. Plms.	S	25	77	Vienna	R	16	61
Lisbon	C	21	70	Warsaw	C	15	59
Locarno	F	21	70	Zurich	C	15	59

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

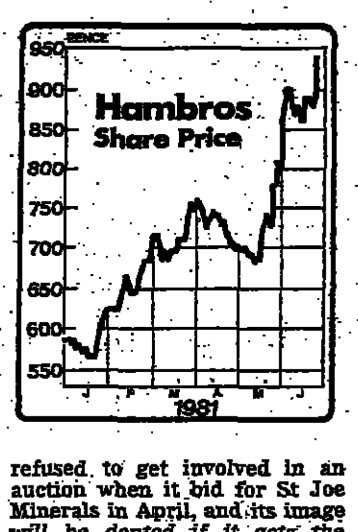
Enjoying Life at Hambros

A recovery in diamond trading has given the extra sparkle to profits at Hambros in the year to March, helping to produce a 56 per cent improvement to £15.3m at the pre-tax level (excluding portfolio gains). Although transfers to inner reserves rule out effective comparisons, the 36 per cent increase in reported banking profits lags the performance of other mer*chant banks. The main improve*ment here comes from greater activity in acceptance credits, foreign exchange and leasing; corporate finance remains disappointing.

Meanwhile, Hambros is not making any new provisions in the light of the Norwegian Government's inquiry into its involvement with the Reksten *shipping companies*. But, whatever the financial implications of possible legal action, Hambros is vulnerable to publicity on this topic, since 50 per cent of its business is connected with *Scandinavia*.

In the current year declines in diamond trading and banking are likely to mean more sluggish profits growth. Over the last 18 months or so Hambros has strongly outperformed both the market and its sector, but this has been based mainly on the success of Hambro Life. And while yesterday's dividend boost helped the share price to rise 50p to 940p, a yield of 3.4 per cent suggests that the market is not preoccupied with the immediate income.

Index rose 0.2 to 544.5



Conoco

Seagram sold out of its U.S. oil properties at a premium price at the peak of the market last year. *The oil sector* has cooled off a lot since then, and although its partial offer for Conoco would have been laughed out of court last summer, it could well find takers in present conditions. Conoco shareholders fell over themselves recently to accept a tender offer from Dome at a lower price.

Seagram has evidently decided that interest rates are peaking, and that now is the time to convert its enormous liquid resources into equity investments. Conoco's attractions include a wide spread of mineral and chemical interests, and its fast growing international petroleum earnings. These exceeded its domestic oil *earnings in 1980, having come* from nowhere in five years. Its share of North Sea crude was 21,600 barrels a day last year, a figure which was set to treble in 1981.

However Conoco is not coming quietly. Seagram refused to get involved in an auction when it bid for St Joe Minerals in April, and its image will be dented if it gets the brush off so quickly a second time.

First National

Don't look now, but First National Finance could be returning to the land of the living. In the first half of 1980-1981, its consumer credit business has made a profit of £4.5m, and further progress in untangling the property loans has brought a substantial release from past provisions. As a result, the shareholders' deficiency has fallen from £29m to £21.4m since last October, and given a bit of luck the big red figures could be eliminated altogether within the next couple of years.

With the property loans out of the way, the group will be rated as an attractive — and eligible — consumer finance business. That is why the shares stand at 34½p, with a market capitalisation of £43m. But it is still carrying £218m of support group loans, and the rump of the property portfolio will probably be the hardest bit to sort out.

Charter Cons.

Charter Consolidated has wasted no time in spending the cash it received for its holding in Selection Trust. Acquisitions and investments absorbed around £75m last year and there *is still another £70m in the war* chest. Charter still has to prove to the market, however, that those resources can earn more in its industrial subsidiaries than on deposit. The historic return on capital employed at the end of the year was 10½ per cent, although this figure would look rather better on an average capital basis.

Profits before tax work out little changed at £53.7m and there is again an enormous extraordinary surplus, which pushes up the retained figure to £72m. Charter has taken a very conservative view of its tax position on the Selection Trust sale and there could be some *claw-back in the current year.*

Charter will also benefit from consolidation of the Shand acquisition and the rationalisation at Cope Industries. But the market was not impressed and left the shares 5p lower at 235p. This seems a little uncharitable since net assets are more than twice that level on a valuation basis, but the company *probably won few friends* with its 20 per cent dividend increase, for a yield of 6.3 per cent.

Debenhams

The annual report from Debenhams sheds its usual extra light on the bare profit figures, confirming that the group is maintaining its established policy of calculating property disposal profits on the basis of original cost rather than the balance sheet valuations. Of the £10.4m property surplus in the p and l account for 1980-81 some £6.5m represents an effective transfer from reserves. Moreover other stores groups might have charged against trading profits some of the £4m of extraordinary debits in respect of opening and refurbishing expenses. These are significant sums relative to declared pre-tax profits of £25m.

In his first annual statement as chairman, Mr Robert Thornton chooses to concentrate on precisely this relationship between trading profits and the underlying property assets. He thinks that companies will be valued more and more on the basis of assets rather than profits of any particular year or years, such a change would benefit Debenhams if it meant a share price nearer net worth of 226p than the current market level of 105p. But the trouble with valuation exercises like Conrad Ritblat's *recent* reassessment of Debenhams' properties "assuming existing use" is that they depend upon some subjective assumption about what the assets can reliably be made to earn. Meantime, by recycling capital profits through the p and l account, Debenhams acknowledges that for the time being the balance sheet alone *is not* enough to satisfy the stock market.

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